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JPRS 84026

2 August 1983

Latin America Report

No. 2716

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2 August 1983

LATIN AMERICA REPORT

No. 2716

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LOW PRICES, POOR RESULTS REDUCE APPEAL OF RISK CONTRACTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Jul 83 p 49

[Text] Rio--Pecten, the Shell subsidiary for operation in Brazilian areas under a risk contract with the Brazilian Petroleum Corporation (PETROBRAS), has great expectations about the possibility of gas in commercial volume in the Santos basin and is equally optimistic about its discoveries of oil in Bahia in areas close to Salvador, according to data in possession of the chief of the Superintendency of Risk Contracts of PETROBRAS, (SUPEX), Luiz Antonio Nascimento Reis. He recognizes, however, that there is a general tendency toward the curtailment of activities on the part of risk contractors not only in Brazil but in other parts of the world owing to the existing surplus supply of oil, the low prices of the product and the change of the focus of attention of those companies to the Republic of China, "one of the last regions in the world with the prospect of giant fields."

According to the data gathered in SUPEX during successive bids by PETROBRAS for risk contracts, which have been held since 1976, the position of the multinational oil companies has been changing substantially as a result of the new picture of prices and oil supply, in addition to the gradual reduction of the areas capable of containing large quantities of oil in the world. "They are seeking the maximum reduction of costs in the prospecting and exploration phase and are concentrating on the development of the most promising areas, abandoning the nonpriority ones," said Luiz Reis.

Accumulated Data

In Brazil, after 7 years of risk contracts, there were no significant discoveries of oil or gas by the majority of the contracted firms, nor the assimilation of the technology of the sector, which PETROBRAS is keeping abreast of internationally by its own means. But, the SUPEX chief points out, a large amount of data on various aspects of the Brazilian sedimentary basins was accumulated by the state company, the expense of \$1.5 billion in 7 years to obtain them being left to the contractors at their own risk. And some are having success. Pecten (Dutch Shell), one of the most aggressive together with Agip (Italian) and British Petroleum, according to Luiz Reis, made two discoveries of oil in Bahia and found gas in Santos, and is planning to continue drilling in those areas. And some of the areas taken by the contractors at the beginning of the risk

process continue to present good prospects, as is proved by their renewals of the contracts: the well discovered by Pecten in Santos was Number 14 of a total of 96 wells drilled thus far under risk contracts by all the companies; Marathon drilled 18 and is renewing its interests in the mouth of the Amazon, where it will begin to drill early in 1984. And in Bahia, Pecten drilled 19 risk wells.

Concentration

The data of SUPLEX appear to show the tendency of the contracting companies to concentrate in the areas considered of less risk. Until last Friday, of the 123 existing contracts, 66 were closed--among them 8 by Paulipetro--and 57 contracts remain in force. But thus far no company has abandoned the risk contract process for good. And in the seventh bid offer by PETROBRAS, the second phase of which closed this weekend, three contracts were concluded with Pecten; the second, recently concluded, all on the southern coast, from Santos to the Parana basin; and the third phase, which begins now with a period until October for presentation of the bid, encompasses the presentation of the bid, encompasses the North coast, Maranhao, Amazonas and the Tacutu basin in Amapa in addition to Acre and the Northeast--from Oiapoque to Natal, Rio Grande do Norte.

Meager Results After 7 Years of Prospecting

Established in Brazil at the beginning of 1976 after a big controversy about its validity and effectiveness, the service contracts with a risk clause had in the current president of PETROBRAS, Shigeaki Ueki, one of its stoutest defenders. Then minister of mines and energy in the Geisel administration, Ueki sought at all costs to show that the contracts did not represent a break of the state monopoly in the area of oil exploration and that they would contribute to improving Brazilian technology in oil exploration with the experience of the foreign companies.

As far as the myth that Brazil would be a country rich in oil, the risk contracts immediately proved the opposite of everything its defenders said about it. The multinational companies were very timid about accepting them for the principal reason that in their opinion the Brazilian subsoil was not as rich in oil nor as easy to find contrary to what the defenders of the state oil monopoly always proclaimed.

The little receptivity of the risk contracts also resulted from a choice made by PETROBRAS, selecting for itself the areas with the best prospects and leaving for the multinationals areas where the risk of discovery of oil deposits would be greater. The requirements included in the contracts also reduced the interest of the foreign companies, especially because they were based on similar contracts adopted by other countries. However, after the second bid, PETROBRAS felt obliged to make some concessions with regard to the remuneration factor and especially with regard to the nonobligation of the contracting company to drill, permitting it to limit itself to seismic work only.

For the foreign companies, reducing the risk of prospecting is one of their goals. In Brazil, however, that objective could not be achieved because the repeated attempts to operate in the Campos basin--one area where PETROBRAS discovered the last oil-bearing field at the end of 1974--were not successful.

Paulipetro returned to PETROBRAS 8 of the 20 blocs it held in the Parana basin under risk contract and these will be redistributed among other companies by next August, according to the chief of SUPEX, Luiz Antonio do Nascimento Reis. As for the remaining 12 blocs, the deactivated company has a period until November 1985 to explore them and will not have to indemnify PETROBRAS for its failures in prospecting and exploration works, which cost \$45 million.

According to Luiz Reis, these investments were unnecessary [as published] if the periods of time over which they were made are taken into account, considering the high costs of operation of any oil company. Seismic prospecting--which seeks to find areas favorable for the accumulation of oil by means of sonic means costs no less than \$8,000 per kilometer and a single well on land in the Amazon, for example, runs into \$15 million. "It is also necessary to take into account," said the SUPEX chief, "the large number of blocs taken by Paulipetro."

The fact is that the company now deactivated has the legal right to keep the 12 blocs that it held until the end of the contract period, which closes only 1 month after the period of the (BP) contract of British Petroleum for the same basin. BP wisely kept two blocs, having already returned one of them to PETROBRAS.

8711

CSO: 3342/146

BRIEFS

JUNE OIL PRODUCTION RECORD--Rio--The Brazilian Petroleum Corporation (PETROBRAS) revealed yesterday that Brazilian oil production for the month of June totaled 9,788,325 barrels, which resulted in a new daily average record of 326,277 barrels. Of the total production, 5,516,539 barrels were obtained from the offshore wells and 4,271,786 from land-based wells. According to the company, the previous record was set in May, with a production of 325,830 barrels per day. From January to June, over-all production amounted to 58,175,241 barrels compared to 46,626,728 for the same period in 1982. A total of 33,064,498 barrels were obtained offshore (24,301,007 from January to June of last year) and 25,110,743 barrels were obtained on land (compared to 22,325,721 for the same period last year). According to PETROBRAS the mark of 400,000 barrels daily will be reached in December. According to the note distributed by the company, up to the end of May, oil reserves were 1,798 million barrels. During that month, 25 million barrels were added to the reserves, mainly as a result of the increase occurring in the Campos and Potiguar basins (Ceara and Rio Grande do Norte). In the Campos basin, according to PETROBRAS, "the increase occurred thanks to the new geological interpretation of the Enchova and Linguado fields." As of the end of May, gas reserves reached a total of 79.2 billion cubic meters. They increased during the month by 3.64 billion cubic meters due mainly to the Campos, Sergipe/Alagoas and Upper Amazon basins. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Jul 83 p 31]

PROJECTED OIL IMPORT COST--This year, Brazil is going to spend about \$7.6 billion on oil imports compared to an expenditure of \$8.6 billion last year, it was revealed yesterday by the commercial director of PETROBRAS, Carlos Sant' Anna. Since the Brazilian exports of derivatives will yield about \$1 billion, the net expenditure resulting from the imports will drop to \$6.6 billion. Sant' Anna said that Brazil has been spending between \$600 and \$700 million per month on oil imports, which during the first quarter amounted to an average of 707,000 barrels a day. Now PETROBRAS is seeking to obtain terms of 120 to 180 days for the payment of its imports. The president of PETROBRAS, Shigeaki Ueki, was in New York until yesterday for that purpose, meeting with representatives of the companies that supply oil to Brazil. According to the PETROBRAS commercial director, the company has been seeking to encourage oil import transactions with a commitment by the selling country to purchase Brazilian goods. Negotiations are being carried out with Iran in that regard with the aim of increasing its supplies of oil to Brazil from 45,000 to 60,000 barrels, with a counterpart increase of the purchase of Brazilian goods. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Jul 83 p 32] 8711

CARICOM, JAMAICA-TRINIDAD TRADE DIFFICULTIES FESTER

Export License Delays

Kingston THE DAILY GLEANER in English 25 Jun 83 p 1

[Text]

PORT-OF-SPAIN, June 23 (CANA)

Trinidad and Tobago's manufacturers are again experiencing delays in obtaining licences from Jamaica for exports to Kingston, the manufacturers association has said.

The Trinidad **Express** newspaper today quoted Clive Teelucksingh, general manager of the Trinidad and Tobago Manufacturers Association (TTMA), as saying he had written Industry and Commerce Minister Desmond Cartey about the problem and was awaiting a reply.

Teelucksingh said that after the regional trade impasse over Jamaica's January introduction of a two-tier currency exchange system was resolved in May, only three of the 20 major Trinidad and Tobago manufacturers who sell to Jamaica had been able, up to yesterday, to get licences from the Jamaicans.

Teelucksingh said that the orders which the three manufacturers had been able to get were far below the 1982 levels for the same period.

He said the three companies were Bermudez, Consolidated Mayfair Knitting Mills.

Teelucksingh said Jamaican exporters had already been granted licences worth about 67 million dollars (one TT dollar = 41 cents U.S.) to sell to Trinidad and Tobago.

Asked about a report that the Jamaican Manufacturers Association (JMA) had complained to the central bank of Trinidad and Tobago that commercial banks here were not using the agreed CARICOM (Caribbean Community) exchange rate of 2.25 Jamaica dollars for one U.S. dollar, Teelucksingh said he was not aware of the problem.

But he said it was one that could certainly be straightened out by the central bank without any trouble.

A newspaper report from Kingston quoted Jamaica's trade commissioner in Trinidad and Tobago Kirk Phillips as saying that some uncertainty among Trinidad and Tobago banks as to what rate of exchange was to be used for transactions with Jamaica, had been cleared up by a central bank advisory here that the new CARICOM rate of one Trinidadian dollar to one Jamaican dollar should be used for commercial transactions and 1.35 Trinidadian dollars to one Jamaican dollar be used for official transactions.

Jamaican Exporters' Watch

Kingston THE DAILY GLEANER in English 25 Jun 83 p 1

[Text]

FOLLOWING A SURVEY sample of members which revealed that the blockage in Jamaica-Trinidad trade due to the recent impasse being cleared, the Jamaica Exporters' Association has decided to maintain a close watch on the current situation in order that maximum trade can be developed as rapidly as possible and Jamaica's earnings from this source of exports can be

resumed, a news release from the Jamaica Exporters' Association said.

"A study taken of approximately 50 members who regularly trade with Trinidad showed that only 12 companies are still awaiting to have licences and the remainder have not experienced problems in the region," Mr. Messado said. He also said that any difficulties that may have briefly existed due to the floating of the Barbados dollar have been eliminated and members report normal trading with that country.

The majority of licences have been for relatively small amounts but applications for licences for larger amounts have not yet been received.

"We are also monitoring licences being issued by our own Trade Administration's Department and a check has revealed that more than 90 per cent of the licences for CARICOM imports have been issued" Mr. Messado said.

Mr. Messado also welcomed additional funding of the Export Development Fund by the World Bank. Earlier this week it was announced that U.S.\$5 million had been put in place for capital goods financing, US\$2 million for technical assistance, and U.S.\$23 million for raw materials.

"The Association has recently been concerned at difficulties our members have been facing which arose out of the new CARICOM arrangements as they affect the EDF. We have requested serious study of those problems because the EDF plays a vital role in the ability of exporters to secure raw materials for export".

However, that a number of problems still existed which required attention.

"Among matters of concern is that payments from Trinidad are still being made at the old official rate resulting in a loss to our members of approximately 25 per cent. We have recommended that all payments for goods prior to May 18 be calculated at the official rate to protect members from loss when they satisfy their EDF obligations".

Under EDF II, exporters were assured of maximum EDF commitment of 80 per cent of their projected CARICOM sales, and 50 per cent of third-market sales but there had been reports of a proposed reduction in the commitment level. "We have requested an early meeting with the authorities to discuss this point," Mr. Messado said.

"Of particular concern is the report that because of outstanding obligations exporters are having difficulty accessing the EDF", Mr. Messado said. "We recommend a clear and unequivocal statement of the status of the Fund be made to restore confidence among exporters and their suppliers. We also urge that steps be taken to clear up any problems that prevent commercial banks from undertaking commitments on behalf of EDF users.

"The new economic measures have made it necessary that the maximum earnings from exports be assured. It is therefore essential that anything that stands in the way of rapid restoration of trade be cleared up without delay".

Call for Jamaican Ban

Kingston THE DAILY GLEANER in English 25 Jun 83 pp 1, 16

[Text]

A CALL FOR A BAN on imports of refrigerators and other appliances has been made by a leading Jamaican exporter in the wake of difficulty in obtaining licences for the importation of these products from Jamaica into Trinidad.

Mr. Ray Hadeed, president of Serv-Wel of Jamaica Ltd., manufacturers of stoves, refrigerators and other appliances, said yesterday that his company's customers in Trinidad have failed to secure any licences from the authorities, except for one licence.

"We have requested of our Government that if no licences are granted to our customers .. that a total ban be placed on the importation of refrigerators and stoves from Trinidad," Mr. Hadeed said.

Citing figures on imports into Jamaica from Trinidad during the past year, Mr. Hadeed noted that trade between the two countries was not in the best interest of his Group of Companies.

"However, in the wider interest of CARICOM, even though the trend indicated that our company in particular was progressively treated to unfair competition from Trinidad, we refrained from making any public statement," he said.

Under the licensing regime imposed in Trinidad following the settlement of the recent trading impasse between Jamaica and its CARICOM trading part-

ners, licence applications for goods purchased from any of the CARICOM countries were to take a maximum of seven days for processing.

"Unfortunately, however, our customers in Trinidad have failed to secure any orders from the appropriate authorities in the country with the exception of one licence application for 200 refrigerators and 200 stoves. All other efforts by our customers have failed," Mr. Hadeed said.

"As a result, and in the protection of our company and its employees, we wrote to the Government of Jamaica on May 30 appraising them of the situation and imploring them to assist us with the appropriate authorities in Trinidad, to grant licences for the importation of refrigerators and stoves to our customers there".

Mr. Hadeed said that because Serv-Wel is "fully aware of the importance of exports", it has recently set up a company in Trinidad to provide after-sales service "so as to maximise our sales in that country".

"Unfortunately, up to now and in spite of my numerous telephone calls to the Permanent Secretary in the Ministry of Trade and Industry in Trinidad, as well as to the Manager of the Trinidad Manufacturers Association, all efforts have failed.

"We have requested of our Government that if no licences are granted to our customers, and in the interest of our employees, that a total ban be placed on the importation of refrigerators from Trinidad." Mr. Hadeed said in his letter

to the Government of Jamaica:

"We have been monitoring the trade between Trinidad and Jamaica as to its effects on our products, with a deep sense of apprehension.

"Even though agreement was reached that licences would be granted within a seven-day period, our customers in Trinidad have not been able to secure any licence. As you will see from copies enclosed, Trinidad exported to Jamaica, before solution of the recent impasse, more freight tons in April 1983 than 1982.

"We are imploring you to assist us in securing licences which our customers have submitted to the relevant authorities in Trinidad. Failing that, and in the protection of our company and its employees, a total ban be placed on the importation of appliances from that country, effective immediately".

Mr. Hadeed said that his investigations revealed that in 1982 Trinidad exported to Jamaica three times more appliances than they imported from Jamaica, St. Vincent, St. Lucia and Antigua.

Figures sent by him to the Government of Jamaica showed that total imports of appliances from Trinidad to Jamaica last year were valued at \$6.5 million, an increase of \$2.9 million, or 83.39 per cent over the previous year.

For this year, imports of refrigerators for the months of April and May came to a value of \$4.2 million. The number of units involved was 4,096, which compares with 7,865 for 1982 and 4,670 for 1981.

Jamaica-CARICOM Assessment

Kingston THE DAILY GLEANER in English 30 Jun 83 pp 1, 14

[Text]

A CALL FOR A SPECIAL committee to be set up immediately to review "as a matter of urgency" the whole relationship between Jamaican manufacturers and CARICOM, was made at the annual meeting of the Jamaica Manufacturers' Association, held in Kingston yesterday.

On a proposal by Mr. Ramesh Sujanani, the manufacturers declared that they were "getting a raw deal" with the introduction of the special CARICOM rate of J\$2.25 to US\$1.00 in relation to trade between Jamaica and the rest of CARICOM, by the 'mini' CARICOM Summit in May. Jamaican manufacturers, they said, were operating at a serious disadvantage in relation to their CARICOM partners

Mr. Sujanani did a comparison between exports he had made to "hard currency" areas and exports to CARICOM, in which he demonstrated that he had been losing 10 per cent on exports to CARICOM as opposed to the exports to "hard currency" areas.

Support for the proposal came from several other members who spoke and the meeting endorsed it.

The specific point on which the Association is seeking a review is the manner in which the special rate of J\$2.25 to US\$1.00 operates in Jamaica, especially considering that manufacturers were obliged to compete on the Jamaican market with their CARICOM partners. While they were obliged to purchase raw materials and textiles at the parallel rate ranging from J\$2.80 to J\$3.20, finished goods from sister CARICOM countries were entering the Jamaican market at the same rate of J\$2.25 to US\$1.00.

Earlier, the President of the Association, Mr. R. Anthony Williams, called attention to the establishment of the special CARICOM rate of J\$2.25 to US\$1.00 in relation to trade between Jamaica and the rest of CARICOM, and the suspension of Jamaica's quota provisions as these relate to imports from CARICOM into Jamaica, as the two major proposals flowing from the 'mini' Summit Meeting of CARICOM Governments in May.

"Since the settlement of the impasse in May, matters have not necessarily been smooth for Jamaican manufacturers who export to CARICOM," Mr. Williams said.

"Our investigations have indicated that some Trinidadian commercial banks have not been observing the CARICOM rate of J\$2.25 to US\$1.00 and have been paying at the lower rate even up to May 10. Some of our CARICOM colleagues view our charge of short payments as a simple matter of no 'big thing'. This is not so. Let me give an example.

"One exporter shipped goods to Trinidad valued and invoiced at US\$100,444. He received payment of J\$179,937 on June 1. The correct amount he should have received was J\$225,999. The loss sustained totalled J\$46,062. In addition to this, he is required to pay back the Export Development Fund at the rate of J\$2.25 to US\$1.00 although he received his export proceeds at J\$1.788 to US\$1.00".

Mr. Williams recalled that the Association had sent a cable to the Central Bank of Trinidad and Tobago requesting to be advised about the date on which it issued written instructions about the CARICOM rate to commercial banks in that territory. Although no reply had yet been received, investigations had revealed that the written instructions had been made to the commercial banks on June 14.

Mr. Williams said that some Trinidadian banks had been paying manufacturers at the CARICOM rate since May 18 for goods invoiced in a currency other than the Jamaican dollar.

"We call upon the relevant authorities to ensure that the amounts short-paid us by our brothers in Trinidad be made good to our export manufacturers immediately," he said.

Improved Communications

Kingston THE DAILY GLEANER in English 11 Jul 83 pp 1, 10

[Text]

The Jamaican Trade Commissioner in Trinidad and Tobago, Mr. Kirk Phillips, is to report weekly to the Jamaican and Trinidadian Ministries of Industry and Commerce, as well as to those countries manufacturers, on bilateral problems or areas of concern.

This was disclosed on Friday by the Minister of Industry and Commerce, the Hon. Douglas Vaz, who returned to Jamaica Thursday night from a series of CARICOM meetings in Port-of-Spain, Trinidad.

According to the JIS, Mr. Vaz said the arrangement had been worked out following charges and counter-charges between manufacturers of Trinidad and Tobago and Jamaica on the issuing of licences.

The stepping up of regular communication came as a result of a meeting between Mr. Vaz and his Trinidadian counterpart, the Hon. Desmond Carty. Also attending the meeting were the president of the Jamaica Manufacturers' Association, Mr. R. Anthony Williams, and the president of the Jamaica Exporters' Association Mr. Geoffrey Messado, along with their Trinidadian counterpart, Mr. Arthur Lockjac.

Mr. Vaz said it had become clear to him that the problems were a result of poor communication between agents and exporters of both countries. He said he was satisfied that Trinidad was issuing adequate licences to Jamaica.

The value of licences to Jamaica in May and June, alone, Mr. Vaz said, has been put at (TT)\$67 million. Jamaica, for its part had up to June 30, issued some (US)\$62 million worth of licences to CARICOM. "Hence the charges that licences were being withheld are unfounded", he said. Last year, Mr. Vaz added, Jamaica's imports from CARICOM totalled (US)\$82 million.

The Minister commented that the issuance of licences was only "half of the equation" and that what really mattered was the utilisation of those licences.

"This requires that orders be placed. If orders are not flowing to the extent desired by importers, then factors such as dynamism in sales and marketing as well as competitiveness in price and quality packaging and transportation has to be examined", the Minister said. He said at the meeting with Mr. Carty and the manufacturers, "several issues" were successfully resolved.

While in Trinidad, Mr. Vaz gave the opening address at the regional workshop on developments in the garment industry, sponsored by the Caribbean Association of Industry and Commerce. The Minister attended the CARICOM Industry Ministers' Conference, where he was unanimously elected chairman. He also chaired the Council of Ministers' meeting and participated in the Heads of Government Meeting.

BACKGROUND OF NEW CARICOM SECRETARY GENERAL REPORTED

Kingston THE DAILY GLEANER in English 11 Jul 83 p 2

[Text]

Port-of-Spain, Trinidad, July 8 (CANA):

Caribbean Community (CARICOM) Heads of Government who ended their 10th anniversary Summit here today, formally announced the appointment of Jamaican Economist George Roderick Rainford, 43, as the new Caricom Secretary General.

The appointment of Rainford to succeed Barbadian Dr. Kurleigh King, who is stepping down in September after a five year term, was announced in the end of conference communique.

Rainford had been number two man in the Georgetown-based Caricom Secretariat since February 1980.

Before becoming Deputy Secretary General he had been Director grade three — the second highest ranking non-ministerial post in the Jamaica Ministry of Industry and Commerce.

Rainford's working career began in June 1958, when he was assistant librarian in the Jamaica Library Service. After graduating from Oxford University in Britain in 1966, he was resident tutor in the extra-mural department of the University of Zambia, responsible for the university's extra-mural programme in the northern and Luapala Provinces of Zambia.

The New Caricom Secretary-General's career in the Jamaican Public Service began in 1973, and was concentrated in the area of Industrial Development Policy and programmes, serving between the ministry of industry and the Jamaica Industrial Development Corporation, where he was at one stage Director of Planning and Research.

Rainford received his early education at the Kingston Technical High School, Jamaica, then he went on to the University of the West Indies where he earned his B.Sc. Economics in 1963.

He later attended Oxford University to obtain a B.A. Jurisprudence and diploma in Economic Development (1966) and the University of Toronto (M.A. International Relations 1971).

The winner of a Rhodes Jamaica Rhodes Scholarship in 1963 and a Woodrow Wilson Fellowship in 1972, Rainford has as his sole publication: Provincial Development Committees in Zambia in the Journal of Administration Overseas, October 1970.

His hobbies and interests are swimming, theatre, music and hiking.

CSO: 3298/742

JAMAICA'S SEAGA ADDRESSES CARICOM SUMMIT MEETING

Kingston THE SUNDAY GLEANER in English 10 Jul 83 pp 15, 22

[Excerpt] There is no question that this tenth anniversary Summit is a critical one: the economic survival of individual members is at stake, and the community's role in this must be evaluated and assessed with an expectancy tempered by the wisdom of experience—not the least, experience in compromise, so long as we do not compromise fundamental principles or jeopardise fundamental values.

It is now time for CARICOM to look beyond its present boundaries. It is in this sense a happy coincidence that the tenth anniversary Summit should also be the one which witnesses the formalisation of our relationship with the Bahamas. After a long engagement, the marriage is finally taking place. May I therefore congratulate the Prime Minister of the Bahamas, and welcome him to our community, and may I further congratulate him on the tenth anniversary of the independence of his country which is being celebrated this month.

But while we look towards widening our relationships we should not relax our vigilance with respect to values which we can never compromise.

● *One man, one vote*

Paramount among these is our stand on human rights and certain democratic principles. These should be the inalienable criteria by which we decide to whom we should open our doors to membership within our system.

They must also be the criteria by which we judge and protect the moral validity of our community.

For while political pluralism is an accepted principle of our Treaty, it should not be the excuse under which we tolerate the violation of essential human rights by such means as detention without charge or trial and the elimination of free speech through the suppression of the independent press.

The wider democracy of our Community — by which we meet and relate to each other as equals, demands that no system be found acceptable to us which is not chosen by its citizens in elections that are free and fair and free from fear. For this is a sovereign right which is at the heart of individual freedom. There can be no denial within CARICOM of the equation of one man, one vote, for this is itself basic to the CARICOM equation of a free association of free peoples.

And let me also warn that ultimately our community will survive only if no attempt is made to spread and foster through either political or military subterfuge, ideological systems that are at variance with these values of human rights and political democracy.

We must be equally vigilant regarding other areas in which the integrity of our ideals might be placed under pressure. We have been witnessing the moves

by South Africa to subvert West Indian cricket — to steal the best of our cricketers and buy its way through international barriers against apartheid in sports. There is much at stake here — not the least the tainting of our young men who are often the principal role models for our youth. The Community has to find a way to fight back.

● *'Protect the environment'*

I would also at this point like to remind members of the Community that we possess in our matchless environment a resource that is vulnerable to the more subtle incursions of neglect and misuse. This environment is one of nature's treasures and an economic asset essential to our survival. Yet it can be destroyed by our indifference much faster than we can rebuild it and may in some cases be damaged irreversibly.

Here is certainly one area for co-operation amongst us uncomplicated by political, economic or territorial disputes.

I would therefore encourage all CARICOM member countries to support the Caribbean Environmental Programme as put forward by UNEP at the Montego Bay conference in 1981, and to participate in the Caribbean Action Plan which was endorsed earlier this year at the Cartagena conference of the monitoring committee of the programme. And I urge all CARICOM Member states who have not yet signed the convention for the protection and development of the Marine Environment of the Wider Caribbean Region and the protocol concerning co-operation in combatting oil spills in the wider Caribbean to do so as soon as possible.

So that at the same time as we talk about securing the Caribbean as a zone of peace let us likewise resolve to secure it as a zone of beauty, and to be responsible and wise caretakers of our most precious legacy — the lands and the seas which are our heritage and the source of our sustenance.

● *Where from here?*

So where does CARICOM go from here — what are the directions for the next decade, and how will the process of development continue?

The answer lies in two fundamental considerations.

The first is, as I have suggested earlier, that we must take steps to widen the common market beyond the English speaking Caribbean. Indeed it may be recalled that this was the original idea of the proposal for a Caribbean Economic Community. It is also one of the recommendations of the group of experts — the so-called "wise men" — in their report on the Caribbean community in the 1980s. It is now time for us to determine the mechanism to achieve this objective — to bring other countries in the region into association with us, so that we may benefit from new and expanded marketplaces and participate more fully in the other traditions of our Caribbean culture.

Let us not forget that at least one of our neighbouring Caribbean democracies, has a population larger in size than that of our collective territories. A great deal of the problems our Community has encountered in recent times stems from the inherent limitations of a market the size of ours — under five million people. We must seek to expand the common market on this ground alone.

I come now to the second major consideration.

There are few countries in the world with a total population of under five million that can match our collective resources. We are endowed with enough of them to make our region more prosperous: oil, bauxite, tourism, hydro-power, agricultural capabilities and human potential.

● *Protectionism or open doors?*

Yet we have been unable, except for a few slow and painful steps, to integrate these resources successfully through CARICOM and the Caribbean Development Bank because of underlying structural problems and contradictory development policies, which militate against the realisation of the full potential of mutually rewarding relationships.

Such differences must be examined, understood and settled before the planning of our resource development on any regional scale can be effected.

This meeting is going to consume much time and energy in dealing with problems of who imports what from whom, who is closing whose doors against imports from which country and what kind of retaliation is being contemplated — all of which are contradictory to the very concept of a common market.

The essence of a common market is open doors and there are some countries which are proceeding beyond this towards more open economies as part of structural adjustment programmes, whilst others are seeking to close their economies with protectionist strategies.

Clearly the community will not survive if the two strategies are employed within the same system at the same time, because they are diametrically opposed.

Our energies will continue to be absorbed at these meetings on minor issues having to do with specific commodities--matters that need not arise if the economic strategies of member countries were compatible.

The critical question we must then face in determining where CARICOM is going is: whether we are to be a protectionist Community, or whether we are going to be a more open community. We cannot be partially open and partially closed--we cannot close our doors to the outside world while opening them only to each other, nor can we close our doors when we want to and open them when we want to.

What then will the future economic strategy of the Community be? Shall our development process be more intensive or more extensive? Can we go further and grow faster by deepening the integration process--or by broadening the relationships of our Community?

These are the fundamental issues that we must now face.

Unique Advantage

Mr. Chairman, ahead of us, then, are choices which will determine how and whether we progress to that prosperity which we all desire. Although our economies are temporarily shadowed in the immediate gloom of recession, we are equipped, as nowhere else in the world, to take advantage of the rich new markets that beckon with the imminent passage of the long-awaited trade portion of the Caribbean Basin Initiative. Nowhere else in the developing world--not in Africa, not in Asia, is there any region that combines proximity, access, enterprise--to the degree that we do. We are in a unique

position to magnetize the region as a centre of production for economic take-off--all that is needed is the political will to make the adjustments that will enable us to go vigorously after these new horizons.

The recession will not continue forever; when it ends, we can only be ready to begin a new round of development if we adjust to the new economic realities of today.

It will take courage to face these realities and to develop new policies for the times. Let us then go boldly and with confidence into the decade of opportunity that lies ahead, and may God guide our progress.

CSO: 3298/742

JAMAICAN OFFICIALS REPLY TO ALLEGATIONS BY GRENADA

Foreign Minister's Reply to Bishop

Kingston THE SUNDAY GLEANER in English 10 Jul 83 pp 1, 2

[Text]

Dr Neville Gallimore, Minister of State for Foreign Affairs, has replied to allegations made by Prime Minister Maurice Bishop of Grenada, at a news conference on Wednesday at the Trinidad Hilton Hotel, on the subject of human rights violations.

Mr Bishop's allegations appeared in Thursday's Trinidad **Express** and in Friday's **Daily Gleaner**. Following is the text of Dr Gallimore's statement:

"Mr. Maurice Bishop of Grenada is quoted in Thursday's edition of the **Express** as having made certain accusations at a news conference at the Trinidad Hilton Hotel on Wednesday, July 6, with regard to the loss of life in the 1980 Jamaican elections and the human rights record of the present administration of Jamaica. I wish to state the following:

"It is well established that violence in the 1980 Jamaican elections claimed the lives of supporters of both parties. If, in fact, there is any substance to the claim that supporters of one party were more brutalised than those of the other, all the records available, which go up to July, 1980, two months before the elections, indicated that it was JLP supporters who were getting the worst of the violence.

"It is apparent that Mr. Bishop, who holds a brief for his socialist comrades-in-arms in Jamaica — the Opposition People's National Party — would wish to misrepresent the governing Jamaica Labour Party in matters concerning human rights. For the record, therefore, I wish to set matters straight — for the benefit of Mr. Bishop and others who think like him and those who might be misled by him:

● 'Draconian laws'

1. "It was not the JLP Government that instituted the infamous State of Emergency during the course of the general election campaign in 1976, under which were detained without trial (as today happens in Mr. Bishop's country some 400

Jamaicans, the majority of whom were JLP supporters, including many candidates and front-line workers in the electoral machinery. This was used as a means of violating the electoral rights of the JLP in that campaign, and the detention period lasted for one year.

11. "It was not the JLP Government but Mr. Bishop's comrades-in-arms — the PNP — who established the infamous Gun Court, with draconian laws which included mandatory life imprisonment for all offences involving the illegal possession or use of firearms or ammunition, and the holding of trials in secret.

"It is the JLP Government that has begun to disband the worst features of that monstrous system which so violated judicial rights. It is doing so by the abolition of mandatory sentences and by the removal of the provision under which an individual could have been convicted for guilt by innocent association. It is likewise the JLP Government that has set up a commission to review sentences of all those convicted under the Gun Court Act without exercise of judicial discretion

111. "It was not the JLP Government that established in Jamaica a Cuban— type political militia (as exists in Mr. Bishop's country) called the 'Home Guards', which had been built up to a strength by 1980, greater than the combined numbers of the police and military forces and which was designed to be increased to nearly twice the strength of the police and military as a means of bringing the *de jure* authorities of law and order under force of control by a political militia.

"It was the JLP Government that disbanded this monster which would have led to the hobbling of the police and military so that persons with political objectives could take advantage of the fundamental human rights of their opponents — as happens in Mr. Bishop's country.

"It was the JLP Government that disbanded this threat to human rights rather than put this dangerous system to its own service.

"It is clear from this that it is the Jamaica Labour Party, which forms the present Government of Jamaica, that has pursued a programme of the dismantling of systems set up by the previous administration to subvert human rights. It is doing so in order to preserve human rights.

"Anyone who visits Jamaica today and who was familiar with the violence that prevailed in the late 1970s will be aware of the dramatic decrease in violent crime and of the return of the country to social stability.

"Mr. Bishop should, therefore, look to his comrades-in-arms — the People's National Party — and not to the Jamaica Labour Party — if he has any interest in investigating human rights violations such as those that he himself is guilty of."

Kingston THE DAILY GLEANER in English 11 Jul 83 pp 1, 10

OPPPOSITION LEADER MICHAEL Manley said yesterday that the State of Emergency declared in 1976 when he was Prime Minister, had been legal and constitutional, had been carried out with scrupulous integrity, and the people detained had been detained on the judgement of the security forces.

Mr. Manley, also president of the PNP, was addressing the 10th annual conference of the PNP Women's Movement at the Mico Auditorium, Marescaux Road, Kingston.

He was referring to a statement in the Sunday Gleaner by Dr. Neville Gallimore, Minister of State for Foreign Affairs, that it was not the JLP Government "that instituted the infamous State of Emergency during the course of the general election campaign in 1976, under which people were detained without trial (as today happens in Mr. Bishop's country)..." Dr. Gallimore was replying to charges by Prime Minister Maurice Bishop of Grenada, of human rights violations by the Seaga Government.

Referring to a news report in the Sunday Gleaner newspaper dealing with human rights, Mr. Manley said he did not intend to enter into the controversy. The party, after the executive met tomorrow night, would make an appropriate statement which would be to the point.

Commenting on the news report which referred to alleged human rights failing of the last P.N.P. administration, Mr. Manley said there had been a constant propaganda attempt to distort and tell lies about the State of Emergency.

Referring to the findings of Chief Justice, the Hon. Kenneth Smith, O.J., who had enquired into the State of Emergency, and of the International Red Cross, Mr. Manley declared that the State of Emergency had been legal, constitutional, had been carried out with scrupulous integrity and the people detained had been detained on the judgement of the security forces.

IT WAS NOT surprising, he said, that a poll which had been taken in 1976 the same year of, but after the emergency, had revealed that 80 per cent of the people here had expressed total and absolute support for the emergency which meant that "a lot of Labourites were in support of the emergency," Mr. Manley said.

Earlier, Mr. Manley said that a document dealing with a broad outline of the People's National Party's economic policy would be out shortly and

more detailed and elaborate planning should follow after the document was presented to this year's annual conference of the party. The additional details would be based on debate flowing from the conference.

Mr. Manley, declared: "We are not opening our mouths about a detailed economic strategy until it is fully thought out and is ready to be brought to the annual conference."

Referring to what he said were press attacks about the party's alternative, Mr. Manley said those attacking him were worried because the "dream of management" for which they had voted was "turning into a nightmare." The morass in which the country was, was going to get worse, he said.

Of his attackers, Mr. Manley advised: "Let them chew their own meat...They are not going to get anybody talking before the time." They could continue to attack him, he said.

DECLARING THAT that a "lot of people were trying to draw our tongue," Mr. Manley said those people would be the first to say if the alternative was presented now when it was not ready, that the party was "chatting a whole heap of rhetoric and nonsense."

Pointing to what he said was the failure of economic policies pursued in Brazil, Mexico and Jamaica, Mr. Manley in disclosing the state of his party's progress on the economic alternative, said it was only through the planning of a proper self-reliance approach and economic diversification, that there was "any hope for the Third World."

The PNP, he said, had been hard at work on the economic policy and a document should be out shortly. This would go to the party's national executive, the annual conference and party groups for study and discussion.

Given one year and the resources available to the party it was not possible to have come up with a detailed strategy, he said. However, between this year's and next year's conference a more "detailed and elaborate" document should be ready.

Turning to why the country was "in the present morass", Mr. Manley stated that there was a "serious attempt by the press to gloss it over." The country had run out of foreign exchange and business people who had been operating at the official rate now found that they had to settle their bills at the parallel market rate of exchange.

Declaring that there was trouble in the business circle, manufacturing, small businesses and farming circles, Mr. Manley criticised the Government for

trying to make out that part of the problem was because of P.N.P. debts. The Government had borrowed \$1¼ billion in two years which was more than the P.N.P had borrowed in eight years, he said.

THE GOVERNMENT was in a contradiction which it could never solve. One of the Government's biggest problem was that it was operating in a Third World country but liked to pretend, Government's policy was that the consumer was always right and must always get what they want regardless of whether foreign exchange was there.

Mr. Manley stated that the foreign budget and local budgets had collapsed. Worse was to come, he said. When the Opposition would be called upon to lead the country out of the morass, they had to find answers to problems such as the increasing unemployment which was the worst the country had known and the mounting load of debt.

Mr. Manley commended the Woman's Movement for looking at economic projects as part of its closed-door session. Challenging the leadership to be serious about the planning of those projects, he said that by so doing they would be laying the foundation for an important aspect of the party's economic programme.

Mr. Manley stressed the importance of work and study for the party as it took on its role of leading the country out of its problems. People had to realise that they had to take politics seriously and see it as an instrument for transformation of the society, rather than continuing with the same "barren, negative and tribal-den" approach.

Politics had to be seen as an arena of struggle for this transformation and the need to mobilise the people for the building of social justice. Stressing the need for study as a priority thought and analysis, Mr. Manley mentioned the need for a new mental approach.

People had to realise the importance of getting state farms to work without stealing the produce as well as bringing the discipline necessary to make co-operative ventures work. There had to be management, but most of all mobilisation, he said.

Mrs. Marjorie Taylor, acting president of the PNP Women's Movement, was elected president. Vice-presidents are: Councillor Minna Wilmot, Mrs. Violet Neilson, and Mrs. Veronica Palmer.

General Secretary of the party, Dr. Paul Robertson, brought greetings, leading a special ovation for Mrs. Beverly Manley, president of the organisation for nine years, who resigned in October.

CARIBBEAN PARTICIPANTS ATTEND GRENADA PEACE MEETING

St Georges FREE WEST INDIAN in English 18 Jun 83 p 2

[Text] A regional consultation on "Peace, Disarmament and Detente", sponsored by Pope Paul's Ecumenical Centre in Grenada, has been going on at the Dome, for the week.

"Through the Struggle for justice, Equality and Freedom Peace will be attained", was the theme of the conference, which ends today.

Delivering the opening address on Monday, Minister of Foreign Affairs Unison Whiteman said that the most critical question facing the world today, is that of peace and peaceful co-existence among nations, which is being trampled upon by United States imperialism.

"The mass actions, struggle and unity for peace worldwide is similar to the struggles of the 1830s for the freedom of the slaves", he said.

Min. Whiteman called on the participants to "win the masses over to the side of peace and isolate the cause of war". He reiterated the PRG's support for the Soviet Union's declaration that it will never be the first country to use nuclear weapons.

The Pope Paul's Centre co-ordinator Judy Williams said the consultation "was being held because of the concern of the impact and implications of the arms race and nuclear war on developing countries.

She pointed out that because of the unequal terms of trade, the US military manoeuvres being held in the region, and other activities by imperialist countries, made development difficult. As such, the struggle for justice, equality and freedom was important and should be of concern to all peoples.

The opening was chaired by Ministry of Information press attache Don Rojas, who noted that the consultation was taking place at a time when the region and the world was under threat of war, and all the achievements of the working people could be destroyed in minutes.

Participants come from Nicaragua, Cuba, Puerto Rico, Jamaica, St. Kitts, St. Croix, Guyana, Montserrat, St. Vincent and Dominica. The consultation stemmed from a mandate of a regional ecumenical youth seminar, held at Pope Paul's Centre in St. John's last June.

MOIR DENIES INVOLVEMENT IN TERRORIST ACTIVITIES

Bogota EL TIEMPO in Spanish 27 Jun 83 p 16-A

[Message from MOIR leaders to the manager of EL TIEMPO]

[Text] The top leaders of the Independent Revolutionary Movement (MOIR) have assured us that they have taken no part in nor supported any kind of terrorist adventure and have, furthermore, declared that their political sector "is the target of the most sinister kind of provocation."

In connection with this, leaders Marcelo Torres, Diego Betancur Alvarez and Avelino Nino sent the following message to the manager of EL TIEMPO:

Mr Hernando Santos Castillo
Manager of EL TIEMPO
By hand

Dear Sir,

By way of rectifying untruthful reports on the MOIR that have appeared in the newspaper you manage and which distort our clearcut political position, we wish to confirm the following:

Through terror some people are once again trying to lump our party together with those who engage in terrorism and kidnappings. This time these murderers shot up two of the MOIR's oldest and dearest activists in their own home at dusk last 21 June on Santa Rosa del Corregimiento Lane in Puerto Murcia, San Vicente de Chucuri, Santander, and left the mother of our two dead comrades badly wounded. Anatolio and Joselin Rueda Plata were highly respected working farmers in the region and well-known spokesmen for the ideas of the revolutionary cause. They are the latest victims of the infamous political persecution that has been unleashed against us. With them the number of our leaders and activists who have been murdered between the end of 1979 and now with the most absolute impunity and official silence comes to 10. Our rank and file had not yet recovered from the blow they received in mid-May with the murder of our leader and councilman in Puerto Berrio, Luis Acevedo Lopera, when the tragic news of the crime perpetrated against our comrades, the Rueda Platas, reached us. In this brief lapse of time the campaign of lies that attempts to link the name of the MOIR with different acts of violence and certain armed

groups with which we neither have agreed nor now agree, either politically or ideologically, has been stepped up. An example of this is several reports that have appeared in the daily EL TIEMPO. Faithful to its principled stand and revolutionary tactics, which consist of thoroughly clarifying the positions the revolution represents, repudiating American imperialist oppression together with the liberal-conservative system on which it is based and alerting people to the expansionist threat of the Soviets and their Colombian agents, the MOIR has neither taken part in nor supported any kind of terrorist adventure, nor has it kidnaped anyone, nor has it subjected anyone to extortion or blackmail, yet the goal of the most obscure reactionary forces to take violent action against members of the MOIR is more than eloquent. Their actually charging us with something we are innocent of, an abominable outrage never before committed against a political organization in Colombia, constitutes an extremely serious situation that cannot be left unnoticed. The Colombian public must understand that the MOIR is the target of the most sinister kind of provocation. We urge the progressive men and women of all the parties and factions to turn into reality a very just watchword: Stop the attacks on the MOIR.

Marcelo Torres
Diego Betancur
Avelino Nino

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CSO: 3348/519

BANKS REOPEN DOORS TO FOREIGN INVESTMENT

Bogota EL TIEMPO in Spanish 27 Jun 83 p 11-C

[Text] Foreign investments, which departed the national financial system because of the Andean system for dealing with capital and the "Colombianization" of the bank sector, may return provided they in no event exceed 49 percent of the total.

This decision, which opens the doors to the flowering of foreign capital after almost 10 years of dying on the vine, imposed by the process of subregional integration, was reached by the National Economic and Social Policy Council (CONPES).

The Andean capital system was incorporated into Colombian positive law under the Alfonso Lopez Michelsen government. At that time the gradual elimination of foreign capital from the banking system, which was called a "process of attrition," was decreed.

The "Colombianization of the bank sector," as the incorporation of Andean Group decisions concerning the internal legal system into the nation's laws was referred to, gave rise to no end of grief among foreign investors, drove away the international banks and even "nationalized" the very names of those institutions.

Since then the policy has prevailed that foreign capital participation in the banks may not exceed 49 percent, thereby leaving Colombian capital holding the greater share and guaranteeing that the legal representation of these institutions would remain in Colombian hands.

The practice has also prevailed that, if a foreign holding diminishes, it may no longer be brought back up to the 49-percent ceiling and that the process of "Colombianization" necessarily involves an acceleration in the rate of national capital participation without the same being true of foreign capital. This was the typical process of attrition.

"Colombianization" got underway in 1975. Before the 1970's came to a close, the Council of State issued an opinion to the effect that the "typical attrition" was a "mistaken interpretation" of the Andean system and of Colombianization itself.

Be that as it may, the National Planning Board, which is responsible for approving or rejecting foreign investments in the country, has maintained the original policies on the elimination of foreign holdings.

To a certain extent the council's doctrine appeared with the symptoms of measles; it was briefly noted and then filed. Now, because of the economic crisis and foreign bankers' desire to become associated with the national financial system, the top level of the government has taken up the matter again.

After a careful study of various state institutions, in which there was no lack of divergent opinions, CONPES resorted to the argument that "what has been undone through the application of a mistaken notion can be reinstated."

Consequently, this attitude is retroactively in effect. The elimination of foreign capital beyond holdings of 49 percent and its subsequent attrition, which occurred due to "something that was neither intended in Colombia's laws nor sought for in terms of the Andean capital system," is now being revised.

The system for reopening the doors of the banks to foreign investors will not be committed to getting previous investors to come back, but to returning foreign holdings to maximum levels of 49 percent; thus it is a matter of acquiring new shareholders.

The CONPES decision was reached on the basis of legal opinions formulated by a group of national investors -- headed by ex-Minister Rodrigo Llorente Martinez -- which, along with a group of foreigners, wanted to enter into an association with the Mercantile Bank. And they ultimately succeeded in doing so.

First, the group requested the National Planning Board's approval for transferring 8 percent of the shares -- the only ones that were in the hands of foreigners -- from the Provincial Bank of Venezuela, their owner, to the Bank of Credit and Commerce International, which belongs to an Arab pool.

This 8 percent meant no more than 40 million pesos. The group simultaneously promoted consultations in other domains of the government to the point where they finally got to CONPES itself, which is headed by President Belisario Betancur.

They expected that the National Planning Board would be favorably inclined to the transfer, but then CONPES reached its decision and the 8 percent turned out to be 49 percent. Actually, the Arabs increased their investment by \$5.5 million (some 429 million pesos) with official approval.

This was the first application of the CONPES position. Through it Colombian Luis Eduardo Caicedo's holdings in the institution dropped from 92 to 35 percent, the Arabs got in by buying the biggest remaining block of Provincial Bank stock and Llorente Martinez, Fernando Gaviria Cadavid (ex-minister of communications) and other Colombians got in as new stockholders.

Last week a new board of directors was appointed and the president of the Latin American branch of the Bank of Credit and Commerce International and his adviser for the continent, Kenal Shopabl, and Alberto Calvo joined it as chief members.

On the National Planning Board and in other government agencies they are certain that investors from different foreign countries are interested in entering into relations with Colombia, especially since it is that exception in Latin America, a country in a favorable economic situation and in the process of a firm recovery due to the policies its administrators have maintained and implemented and which are today in progress.

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CSO: 3348/519

SECOND ECONOMIC QUARTER RESULTS ANALYZED

Bogota EL TIEMPO in Spanish 30 Jun 83 pp 1-A,8-A

[Article by Jose Ramon Nunez: "Government: It Was Not Good; Trade Associations: It Was the Harshest"]

[Text] The government and the private sector agree that the economic semester, which ends today, was not a good one, although some segments of opinion in the business world hit the mark in describing it as "the harshest, perhaps the worst one" since the very beginning of this recent recession.

Most agree, however, that this troubled semester could not rid itself of the ballast of a pitiful 1982 and that the recessive tendency is continuing, although hopes are much higher for the second period of this year.

The semester was characterized by the following developments:

A very worrisome drop in international reserves -- almost \$900 million -- a situation that was already suspected at the end of last year.

Worsening of the fiscal problem.

Drop in the foreign sector.

Moderate acceleration of the devaluation process and elimination of the 5-percent discount on foreign exchange certificates. The official exchange rate for the dollar started the year at 70.11 pesos and opened today at 78.51, a rise equivalent to 12 percent in 6 months as opposed to 19.3 percent for all of 1982. For the first time in 7 years the black market dollar "was triggered."

Reduction in the means of payment or money in circulation: This dropped 4.9 percent up until 4 June, the lowest rate in 4 years.

Major recovery of the constant value system: 232 billion pesos up to the middle of this month.

Real depreciation of private investments and a sizable drop in government investments for the financing of public works.

Agreements with creditors by big companies, among them Fabricato, the country's biggest textile mill, and Tejidos Unica [Textiles Unparalleled], the fourth largest.

Nevertheless, the process of recapitalization of corporations was launched and stock issues rose 260 percent in comparison with the poor figures recorded in 1982.

Severe restrictions on imports — over 2,000 items became subject to the prior licensing system — and on uncontrolled hard currency expenditures (limits for travelers).

Almost total closure of border markets in Venezuela and Ecuador due to serious foreign exchange problems in those two countries.

The dropping, subsequent parliamentary debate and revival of emergency economic measures designed to correct the fiscal problem.

A more pronounced drop in manufacturing production and minimal recovery in the farm and livestock sector.

Pressure for a drop in financing system interest rates with serious official threats and debates on the part of the private banking sector.

Anarchy in the rent control system and a subsequent decline in real estate transactions.

Drop in international coffee prices and export volume.

Weak start in the government's main program, the construction of public housing.

Harsh declarations and debates with regard to the antismuggling campaign. Warnings and an ultimatum to the people of San Andres.

Official Sincerity

In an interview with EL TIEMPO interim Minister of Finance Florangela Gomez de Arango, speaking for the government, expressed the opinion that the period was not really a good one, nor was it in keeping with the economic team's expectations for recovery.

"The semester more or less produced the same tendency exhibited last year and the situation worsened due to the delay in applying the emergency economic measures, thus complicating even more the fiscal problem," was that official's general view.

She added that the problems of the big production companies increased and a very serious tendency toward a drop in foreign exchange reserves was evident.

During the last part of the semester the diagnosis improved following approval by the Special Congress of measures that would be exceptionally in effect as an economic emergency.

"The outlook is better now. We already have something specific in terms of the fiscal situation. Matters have been clarified. This tax and fiscal reform has gotten people to start moving. Now they can make decisions, but they also have to think about paying taxes," was another one of the interim minister's (the minister himself, Edgar Gutierrez Castro, is in Washington engaged in negotiations preliminary to obtaining credit) conclusions.

The Foundation for Higher Education and Development (FEDESAROLLO) — a new evaluator of economic policy — has identified the economic problem as being one of demand and due to the fact that the government has deployed a strategy pursued by attacking the problem with remedies that are not incompatible, that is, without "freeing" the inflation rate.

According to the minister, the government now has instruments that will permit it to move the economy at a faster rate and they are already beginning to see sporadic signs of recovery. After having dropped, according to the latest information from the Bank of the Republic, foreign exchange reserves have stabilized at \$4.033 billion. (Up to a year and a half ago the country with the largest reserves in Latin America, \$10 billion, Venezuela, which is indebted, now has only \$4 billion in liquid assets. The other \$6 billion are committed.)

Mrs Gomez de Arango thinks that the problems of the foreign sector, those of fiscality and demand, appear to be manageable. "We must free the economy, not tighten up on it."

Foreign Sector Problems

While the interim minister is thinking in terms of transferrable optimism, in the private sector more importance is attached to the statistics and for that very reason the commentaries on the past are discouraging and on the future cautious.

The president of the Colombian Exporters Association (ANALDEX), Alfonso Rojas Llorante, described the semester as "the worst in recent years, although it is also apparently a point of departure for better times."

Up until 31 May the foreign exchange balance showed a deficit of \$857 million, which is the result of a negative balance of \$911 million in the current account and a positive balance of \$54 million in capital turnover.

General exports amounted to \$908 million, representing a drop of 15 percent; coffee exports represented almost 55 percent of the revenue, but recorded a drop of 2.5 percent.

Sales of nontraditional items came off very poorly: \$360 million, representing a huge drop of almost 30 percent.

In short, the country's current revenue amounted to \$1.395 billion as of 31 May, when those generated by exports, gold purchases, oil capital and services and transfers, with a negative variance of 26 percent, are added up. At the

close of the semester the tendency was no acknowledgment of any sizable trading.

Rojas Llorante noted that the balance of trade with most countries was discouraging.

Restrictions

The Betancur administration was especially zealous in the management of the import policy during the period. It expanded the list of commodities subject to the prior licensing system in an attempt to stem the uncontrolled expenditures of hard currency on international markets.

Today several thousand tariff items, free before, are now subject to prior licensing through measures that have not yet had very great effect, unless it be the halt itself to the decline in dollar reserves following the systematic lashing administered by the January-April statistics.

With regard to that, the minister commented that the import policy is having more effect now than at the time these measures were adopted because, as we know, [the effects of] business turnover are delayed and then it is hard to at a given time calculate just how much has been saved.

The trade associations concerned -- FENALCO [National Federation of Businessmen] and in a way ANALDEX -- have criticized the strategy: The problem is not only to save dollars by limiting imports, but to increase revenue by stimulating exports.

FENALCO president Juan Martin Caicedo Ferrer has spoken of an "abrupt change" in import policy and Rojas Llorente has disqualified the restrictions as a permanent instrument for trying to achieve a balance.

The Dollar "Fever"

In eliminating the 5-percent discount on convertibility of foreign exchange certificates in mid-March, a measure that was in effect since 1977, two objectives were pursued: to protect the suffering border exporters and to bring into circulation some 38.5 billion pesos frozen in that instrument, virtually freed from then on to in that way increase the means of payment that have been contracted for. Further aroused by the restrictions on the dollar limits for travelers and the fact that there was talk of a foreign exchange emergency, of a supreme need for preserving dollars because they were being exhausted, "free exchange advocates" in the offices and on the streets took it upon themselves to come up with a third objective.

The black market dollar has shown a phenomenal rise and the exchange rate for it is today over 30 percent higher than the official rate. Now, at the start of the semester, the authorities believe that it will drop, but the day may be very far off when the two rates are once again reversed.

11,466
CSO: 3348/519

BRIEFS

NEW GUERRILLA GROUP--Bucarmanga, 27 June--With the release of a cattleman whom they were holding captive, the existence of a new guerrilla rallying point in the country called Armed Forces for the Liberation of Colombia (FALCO) has come to light. The mysterious group left Hernando Delgado Hernandez safe and sound in this city after a month in captivity and the payment of a sum that has not been ascertained. The cattleman had been kidnaped last 27 May when he was on one of his ranches near the town of San Alberto in the department of Cesar. According to the story the released rancher told the authorities, five men armed with short and long-range weapons came to his ranch on that day and kidnaped him. After that, Delgado Hernandez was blindfolded during the trip they made to an uninhabited area, probably in the department of Santander. The man who had been kidnaped asserted that his captors were not wearing any special kind of clothing and stated that they were members of the movement called FALCO, which was mentioned for the first time in this country, an organization that may be composed of common criminals with the appearance of revolutionaries. [By Jairo Cala Otero] [Text] [Bogota EL TIEMPO in Spanish 28 Jun 83 p 2-A] 11466

CSO: 3348/519

ANACH CALLS FOR MEASURES AGAINST SALVADORAN CONTRABAND RICE

San Pedro Sula LA PRENSA in Spanish 22 Jun 83 p 2

[Text] San Pedro Sula--Ramon Antonio Sevilla, secretary general of the National Association of Honduran Peasants (ANACH), told LA PRENSA that the smuggling of rice from El Salvador is greatly affecting Honduran peasants, especially those affiliated with that organization.

Sevilla explained that the ANACH has many agricultural cooperatives dedicated exclusively to the cultivation of the above mentioned grain; that at present all of their silos are full of rice; and that no one is able to buy it at a good price, because of the great amount of smuggling.

In the opinion of the director of the ANACH, not only have they been harmed by the smuggling, but so have industrialists, rice growers, and other small, medium, and big farmers; but the blow is most pronounced in the case of the peasants, because they as a class have the least in economic resources.

Sevilla is of the opinion that the government of the republic must immediately take steps to end that situation, so that it will not be repeated. If it is, the peasants will have been cheated in their effort at cultivating rice and in the future no one will venture to sow the grain.

The director also alluded to the peasants' need of land, saying that, although a little late, the National Agrarian Institute (INA) is solving their problems and requests according to what the law says the peasants are entitled.

Sevilla announced two awards this week for peasants who are affiliated with the ANACH, thus helping its members who urgently need agricultural land.

8255

CSO: 3248/1041

BRIEFS

JAPAN FUNDS AGRICULTURAL CENTER--The government of Japan will grant Honduras some 7 million lempiras for the construction of the Agricultural Studies Center in Comayagua. Goro Nakasone, the ambassador of Japan, who 2 weeks ago presented his credentials to the Honduran authorities, indicated that next week he, together with Arnulfo Pineda Lopez, vice minister of Foreign Relations, will sign the agreement regarding the new donation. He also said that his government has planned other programs for this country, which will be pinpointed in the next few months and that it all is part of the identification of his government with the Hondurans regarding efforts that are being made here in behalf of socio-economic development. "Although it is true that Honduras is one of the poorest of the American countries, its situation is much better than that of other countries in Asia and Africa thanks, as I understand it, to the impetus that the governmental authorities are providing to extricate the country from its state of underdevelopment," he said. [Text] [Tegucigalpa LA TRIBUNA in Spanish 29 Jun 83 p 3] 8255

AGRARIAN REFORM--Lawyer Dagoberto Sandoval Cabrera, northwestern regional chief of the National Agrarian Institute (INA), told LA PRENSA that so far this year, and specifically in his area of jurisdiction, 2,500 plots of land have been assigned. According to the governmental official, that means that even with budgetary difficulties, plots of land have been handed over, and that therefore it cannot be said that the Agrarian Reform is in a state of paralysis or at a standstill. Sandoval Cabrera said that the agrarian procedure is one of the most difficult because there are two forces in opposition to each other: those who have land and those who do not. It is up to the INA to decide whether or not those who have land are cultivating it efficiently; also to determine who will be the beneficiaries of the Agrarian Reform and who are not eligible. "We must be very prudent and judicious in carrying out the law, inasmuch as the law was created in behalf of justice, and the owners of land are entitled to justice as well as the peasants who are requesting the land," explained the regional chief of the INA. Sandoval Cabrera said that it would be a serious error on their part to destroy units of production; the director of the INA, lawyer Ubodoro Arriega, said that it is wise and judicious to protect and to vouch for farms and other agrarian enterprises, and that therefore that is what they are doing. With respect to some protests from peasants that land is not being assigned to certain groups, Sandoval said that the INA is ready to assign whatever land is necessary to peasants, whenever it is in accordance with the law, "but when they ask for lands that are efficiently cultivated, then they categorically are given a definite 'No'," he said in conclusion. [Text] [San Pedro Sula LA PRENSA in Spanish 29 Jun 83 p 3] 8255

SENATE LEADER URGES REAPPRAISAL OF PARLIAMENTARY SYSTEM

Kingston THE DAILY GLEANER in English 24 Jun 83 pp 1, 26

[Text]

The need for a review of the Jamaica Parliamentary system after 21 years of the present Constitution has been expressed by the President of the Senate, Senator Ossie Harding.

Included in the review, he said, should be the examination of the role which the backbencher plays in the Parliamentary system, with a view to generating greater participation of the "positive kind". This, he pointed out, would be essential for a viable Parliamentary system in Jamaica.

Senator Harding was giving the opening address at a two-day meeting of the National Conference of State Legislatures (NCSL) of the United States and English Speaking Caribbean Parliamentarians yesterday morning at the Government Conference Centre, Kingston Mall.

Governments, he asserted, readily carried out management audits to examine management procedures in their agencies but they were less inclined to review the Parliamentary systems and procedures.

Mr. Harding said that the executive of Parliament should be willing to answer questions readily and to make information available on or off the floor of the House, and to respond to the views of the Parliament. "After all", Mr. Harding continued, "Government business is public business."

He suggested the introduction of 'green papers' in Parliament, similar to the system in the United Kingdom, where exploratory policy suggestions can be presented without commitment. This, he said, might bring greater co-operation and facilitate consensus.

Senator Harding also saw need to consider the use of Legislative Committees in the Jamaica Parliament which, he said, would facilitate greater backbench involvement with greater public input. To this end, he stated, the views of communities could be expressed in the House through the Committees.

"Governments are preoccupied", he stated, "with governing, and not with the system by which they govern, though their legitimacy and how they govern must be in response to the system under which they operate". "Perhaps a nice 21st birthday gift for Jamaica", Senator Harding asserted, "would be the establishment of a National Committee to review the customs and practices of our Parliament."

Senator Regis Groff who spoke on behalf of the NCSL said that his organization was happy to co-sponsor the workshop, which he said, was one of many international programmes conducted by the NCSL over the last eight years to encourage understanding between U.S. legislators and their counterparts in other countries.

He said that the NCSL was concerned with finding solutions to common problems through these meetings. The present workshop, he added, would emphasize the problems experienced by Caribbean countries and the United States.

The Hon. Talbert Forrest, Speaker of the House of Representatives who is Jamaica's representative welcomed the participants and chaired the morning's session.

CSO: 3298/748

GLEANER COLUMNIST DISCUSSES PNP OPPOSITION TACTICS

Kingston THE DAILY GLEANER in English 29 Jun 83 pp 10, 18

[Article by Arthur Kitchin]

[Text]

I must commend the Leader of the Opposition for his recent statements to the effect that the PNP would not be staging any public demonstrations over the new austerity measures announced by the Prime Minister.

As Mr. Manley pointed out quite rightly, any disruptions to the normal pattern of daily life would create more hardships and misery which, given the present circumstances, the country can hardly afford to undergo. This decision seems a wise and unselfish one.

One recalls the demonstration in 1979 by members of the JLP's youth arm, Young Jamaica, over the increase in petrol prices, when many roads were blocked in and leading to Kingston for almost three days before the demonstrators were moved off the streets by the security forces.

Since the demonstration had apparently been planned to coincide with the world Council of Churches' meeting at the University of the West Indies, Mona, the event received extensive coverage from the scores of foreign journalists present to cover the WCC conference.

The negative press resulting from this demonstration added to the already poor international image of Jamaica at that time, not to mention the untold hardships suffered by all who had to use the roads, especially those from rural parishes who were forced to either turn around or sleep in their vehicles while waiting for the road blocks to be cleared.

Although the demonstration helped to bolster the then Opposition party's confidence in attracting mass support in the Corporate Area, it was felt that perhaps some of the demonstrators had gone too far in actually setting fire to barricades, smashing car windshields and slashing tyres. Incidents like these will always take place during heated confrontations between opposing forces, so Mr. Manley should be praised for trying to set an example to his supporters with his present position which calls for peace rather than confrontation.

Curbing the leftists

One wonders, however, how successful he will be in managing to curb the less restrained elements within his party's ranks, particularly the leftists and other extremists who have apparently been keeping low profiles and also keeping quiet.

Given the present mood of the people, many of whom are trying to maintain their normal humour while quietly wondering how they will manage to keep up with the cost of living, any anti-government demonstration held at this time would achieve a measure of popular support like the 1979 gas-price increase protest.

This is probably why last Wednesday's demonstration and march which was reportedly staged by the PNP's Women Movement was relatively successful, although there was scarcely any mention of it in the press, and why also that the PNP are not making such of a public issue about it.

I did not see the march, but according to the Police logbook at the Commissioner's Office, the details of which were read by an officer to me over the telephone, some 200 people, mostly women, congregated at Lyndhurst Church approximately 10:40 a.m. The crowd grew to approximately 1,500 people and began to march up Lyndhurst Road, stopping to demonstrate outside the offices of Radio Jamaica Ltd.

From there the procession marched up Maxfield Park Road to Half Way Tree, stopping again to demonstrate outside the JBC and continuing to Jamaica House for another demonstration, and finally dispersing at the PNP's headquarters on Old Hope Road. From all accounts, the march was a peaceful one as the PNP supporters carried various placards which depicted anti-government and other slogans that related to the price increases.

It is perhaps understandable that the PNP's General Secretary, Dr. Paul Robertson, denied that the party had any knowledge of the demonstration, but admitted that PNP supporters were probably involved without official sanction from the party leadership.

CSO: 3298/747

UNIONS SEEK REVIEW OF WAGE ISSUE; GOVERNMENT RESPONDS

Union Actions

Kingston THE DAILY GLEANER in English 23 Jun 83 p 1

[Text]

A CALL HAS BEEN MADE on the Government by the two major unions — the Bustamante Industrial Trade Union and the National Workers Union — to review the pay situation of Government workers and to increase the National Minimum Wage, in the light of the introduction of the new economic measures announced last week.

Both unions, acting separately, have cited a substantial increase in the cost of living of the workers as reason for a review of the situation.

A letter sent to the Minister of Labour and the Public Service, the Hon. J.A.G. Smith, by BITU vice-president Lascelles Beckford repeated a request made in a letter of March 9 asking for the Minimum Wage to be increased from \$30 to \$50 a week for household helpers, and to \$80 a week for helpers other than those in household service.

And in a telegram sent to the Minister yesterday, a copy of which was sent to the *Gleaner*, NWU general secretary V. Bancroft Edwards said the NWU was requesting an "urgent" meeting to discuss the situation of Government workers following the Government's announcement in Parliament last week. Said the telegram: "It is clear very substantial increase in cost of living has started already, consequently entire basis on which some government workers accepted 1983 wage offer has been destroyed.

"Equally obvious Government knew what was to come and with-

held information from the workers' trade unions. The whole question of good faith underlying negotiations now seriously in question, and Government workers face massive erosion in standard of living at a time when Government argued that recent comparative stability in prices as measured by official Price Index would continue and justify workers acceptance of small offers made.

"A major review of situation is now imperative".

THE BITU LETTER reminded Mr. Smith that the union had written to him on March 9 on the question of the minimum wage of \$30 for a 40-hour work week which had come into effect in June 1980. It added: "We wish to record our disappointment and resentment that our letter received no acknowledgement from you or your Ministry.

"We again take this opportunity of writing to you on the above mentioned subject in view of the new economic measures being introduced.

"The new measures will affect the economic position of workers. Because of the economic measures our request for an increase in the National Minimum Wage from \$30 to \$50 per week for workers in household service; \$80 per week for workers in employment other than household service; that where work is given out by task, such rates shall enable the workers to earn under normal circumstances not less than 10 per cent

above the relevant minimum hourly, daily or weekly rate; and double time pay for work for more than four hours overtime work in any one day excluding household service is more than justified at the present time, in view of the fact that the new economic measures will reduce the spending power of the workers.

"The Bustamante Industrial Trade Union again request that you immediately consider our proposals with a view of increasing the National Minimum Wage and proclaim the other proposals as mentioned".

Government Stand on Wages, Unemployment

Kingston THE DAILY GLEANER in English 29 Jun 83 pp 1, 18

[Text] There will be no increase in the National Minimum Wage, the Minister of Labour and the Public Service, the Hon. J. A. G. Smith, said yesterday afternoon in the House of Representatives.

Speaking on the problem of unemployment as he closed the first segment of the Sectoral Debate, Mr. Smith commented on the Minimum Wage situation, around which he said there had been much debate as to whether it should be increased.

Mr. Smith said that history had proven that an increase in the Minimum Wage had never resulted in the creation of more jobs. Given the level of trade union activity, the only workers who would be affected by an increase would be household helpers.

Stating that there would be no increase, Mr. Smith said he was confident that the relationships which existed between household helpers and their employers "ought to protect them" in terms of the emoluments which they received.

Noting that some employers and household helpers had worked out other arrangements of benefits, Mr. Smith said he would be watching this area however. The Ministry's record over the past two years had not indicated any "pressing need or pressure for lifting of the wage", which was there in any case as a guideline, Mr. Smith said.

The Opposition, who maintained their boycott of the Sectoral Debate on the ground that there was no Budget because of the new economic measures introduced by the Government, indicated yesterday that they would resume their participation if the Government opened debate on the censure motion which they tabled last week Tuesday.

The indication came from Opposition member, Mr. Dudley Thompson, as he sought an undertaking from Mr. Smith, who is also the Leader of Government Business in the House, about when the censure motion tabled by Mr. Seymour Mullings would be reached.

A censure motion was usually taken as a matter of priority, Mr. Thompson said, adding that when the Government did not level with the people this could lead to a situation where myths were created. The people must also know about the situation regarding the I.M.F., Mr. Thompson said.

"The Government must open the debate. Until that is done, we can't take part in the Sectoral debate," Mr. Thompson said.

Replying, Mr. Smith said that a censure motion was traditionally debated as early as possible. On the one in question, he said he was "quite certain the Government will debate in the month of June."

The motion is calling for the resignation of the Minister of Finance; a vote of no confidence in the Government; a new Budget; and a full debate on the country's finances.

Continuing his wrap-up of the first segment of the debate which he opened on May 31, Mr. Smith said he had expected many more people "to find out and study" the measures taken by the Government before "dashing to print or the electronic media".

"We have not been able to earn the foreign exchange which the country really needs to support the life style so many of us would like to grow accustomed to," he said.

Turning to the servicing of loans, Mr. Smith said the figure required up to the end of March this year was \$900 million, and asked: "If we don't earn money where are we going to get it?"

People, he said, had to learn that the country had to find "Jamaican solutions". The country had to earn the foreign exchange, had to produce more efficiently and be more cost-competitive. There was "no magic wand".

Mr. Smith stated that unemployment was not just the problem of the Government. Other organisations ought to be having continuous dialogue--"a think-tank where people can come together to work out strategies to put people to work".

Mr. Smith said that the country should not expect consultants from overseas to come and provide these strategies "for nothing". Calling for a careful look at local strategies, Mr. Smith said that agriculture was one area which was blessed with expertise on a per capita basis more than any other country.

It was paradoxical, he said, that it had taken such a long time for people to recognise the importance of agriculture to the country. He appealed for everyone to come together with capital, labour and skill, to make agriculture the viable export sector "that it must be and has to be".

Declaring that an unemployed man with a family was a story of "human tragedy", Mr. Smith said that in the light of the reduced expenditure one would probably expect dislocation and disruption in terms of employment. This however might not be so if ways and means could be found for moving labour into productive

areas from areas where there was perhaps an over-population. This was the thinking he would like to engender, he said.

Noting that there was a problem in the watershed areas, where trees were being taken out, Mr. Smith suggested that work could be found by letting people plant trees.

Mr. Smith also suggested the possibility of job-rotation and job-sharing where this was possible. There was also the need to expand the "beef up" on present projects to help those who were unemployed for a long time and who if left in this state for much longer would become unemployable and "cost us too much".

Shifting his attention to the industrial relations scene, Mr. Smith said he had received the report of the committee which had reviewed the Labour Relations and Industrial Disputes Act. He had also received a report from the unions which were part of the committee.

The matter would take time to assimilate, Mr. Smith said, as he promised to make a report to the House at a latter date.

He also appealed to employers and workers "to strictly and rightly adhere" to the grievance provisions in their contracts.

Mr. Smith said he knew that wage demands in the private and public sectors could not be avoided; he however asked that consideration be given to four factors: (1) free negotiations; (2) ability to pay; (3) rate for the job; and (4) how does the increase being sought impact on the national interest.

He reiterated his confidence and support in the officers of the Industrial Disputes Tribunal whether they had down judgements which he agreed with or not. He also expressed his "great distress" over a report which he had received that a member of the tribunal had been verbally abused by a union official.

In another area, Mr. Smith appealed for tolerance especially in the relationship between the public sector and citizens. He repeated criticisms of the Opposition for not participating in the Sectoral Debate wondering how they could represent "in such a manner", the people who voted for them.

Mr. Smith, noting requests for constituency needs, appealed to all to remember the financial situation of the country and to be grateful with what improvements had been made.

The Minister of State in the Prime Minister's Office with the responsibility for Culture, the Hon. Edmund Bartlett, and the Parliamentary Secretary in the Ministry of Health, Mr. Karl Samuda, also spoke in the debate before it was closed.

The House, with the Opposition absent, passed the first segment of the debate thereby approving the actions and policies pursued by the Government since it entered upon office in respect to the Ministries covered to date. The Minister of Local Government, the Hon. Alva Ross, is slated to begin the second and final segment of the Sectoral Debate next Tuesday.

INFRASTRUCTURE DEVELOPMENT SLATED FOR CORPORATE AREA

Kingston THE DAILY GLEANER in English 7 Jul 83 p 1

[Text] A \$56.7 million five-year infrastructural programme for the Corporate Area which will involve a road maintenance programme and improvement to traffic signals and intersections, as part of the objective of providing an efficient public transport system, was announced in the House of Representatives yesterday afternoon by the Minister of Local Government, the Hon. Alva Ross.

Mr. Ross was opening the second segment of the Sectoral Debate which was marked by the continued boycott by the Opposition.

Although indicating last week Tuesday in the House that they would call off their non-participation in the debate if the Government took their censure motion, the Opposition did not join the debate yesterday afternoon.

The Opposition changed their position on Tuesday night when the motion which called for a vote of no-confidence in the Government and resignation of the Minister of Finance, the Hon. Edward Seaga, was amended by a Government majority, to express confidence in Mr. Seaga's measures to safeguard the economy, noting the waiver granted by the International Monetary Fund which had saved the country from further hardship.

Mr. Horace Clarke, Opposition spokesman on Public Utilities and Transport, was the only Opposition member to have spoken in the Sectoral Debate before the decision was taken to withdraw, coming after the announcement of the measures by way of Ministry Paper No. 24, on Thursday, June 16. The Opposition is contending that there is no longer a Budget.

Mr. Ross yesterday also announced a \$5-6 million drainage and bridge programme for the Corporate Area, to start this year with an expenditure of \$1 million and the allocation of \$10.5 million for the Rural Road Improvement Programme this year which resulted in the improvement of 137 roads covering every constituency.

Mr. Ross disclosed that the programme would be undertaken by the Ministry of Construction, signifying the Government's intention to establish a single road authority as opposed to the situation where the Ministries of Construction and Local Governments were involved in the construction and upgrading of roads.

The roads to be dealt with by the Ministry of Construction would be returned to the Parish Councils, he said, emphasising that the Government was not doing away with local authorities but was concentrating on maximum efficiency and to that extent new cost effective methods.

Elaborating on the \$56.7 million infrastructural programme, Mr. Ross said work would be done by the Kingston and St. Andrew Corporation and the Ministry of Construction, and "should commence in the latter part of the year". Negotiations were in the final stages, he said.

Costs would be shared between the Government and the World Bank.

A new modern traffic signal system would be installed to replace obsolete equipment.

Mr. Ross who did not touch on plans for a public transportation system, said the new traffic signal system would include timing mechanisms for the various peak and off-peak hours during the day.

The road maintenance programme, he said, would include resurfacing of approximately 45 miles of major roads; resealing of between 150-200 miles plus kerb and sidewalk repairs, local drainage improvements, depot construction and purchase of equipment.

Appealing for continued patience in the area of drainage, Mr. Ross said that funds had been provided to prepare a drainage plan for the "neglected" Washington Gardens area. "As soon as this is done we will seek funding for this project," he said.

Sewerage works in Patrick City were nearing completion and as soon as sections were completed drainage and resurfacing would start. Approximately \$500,000 would be spent on resurfacing and drainage in this area. A new contract should also be awarded soon to take care of road resurfacing and the installation of proper drainage in the New Haven area, he said.

On the need for efficiency at the local Government level, Mr. Ross said that work had already started on a management audit of the Kingston and St. Andrew Corporation based on an agreement between the K.S.A.C.; the Ministry of Local Government; and U.S.A.I.D./J.N.I.C. Ltd., was also involved.

Only three of the 12 rural Parish Councils had Assistant Secretaries to oversee their financial operations. Similar secretaries would be provided during the financial year for the rest. Arising from discussions which he had with Parish Councils Association of Auditors and Accountants, improvement would be made in several other areas which had been identified.

Mr. Ross also noted that the Anti-Litter Law, hamstrung by the resignation of qualified legal staff, was before the "Legal Committee" and would come before the House "very soon."

On the subject of rural water supplies Mr. Ross said that as of March 31 next year bulk water schemes supplied by the National Water Commission to Parish Councils would be taken over by that body.

Minor schemes unconnected with the supply of water by N.W.C. would remain with the Councils, this designed with a view to providing a better service, Mr. Ross said.

Mr. Ross also noted that the Budget for Parish Councils in this financial year was \$171 million, the largest sum ever provided for this purpose in an April/May Budget, with the Government's contribution as deficit grants being \$75 million. He stressed the need for "soul searching" to see that funds were properly spent.

CSO: 3298/747

SEAGA, IN TRINIDAD, PREDICTS FOREIGN EXCHANGE SURPLUS

Kingston THE DAILY GLEANER in English 9 Jul 83 p 1

[Text]

PORT-OF-SPAIN,
Trinidad, July 8 (CANA)

Jamaica's economy will feel the full impact of world recession in 1983 but should still record a healthy surplus in its external accounts, Prime Minister Edward Seaga said here.

Speaking with newsmen

before leaving the Caribbean Community (CARICOM) summit which ends today, Seaga said he did not expect to repeat the performance in 1981 and 1982 when Jamaica bounced back from eight successive years of negative growth.

"In the first year of the

new government, we did not face the full spectre of recession and only began to feel the pinch last year when bauxite exports fell to only 53 per cent of projected income," Seaga said.

Nevertheless, he said budget spending had been

brought under control and that although bauxite revenues were likely to fall even further in 1983, he still expected a balance of payments surplus this year.

"We have embarked on a rebuilding programme and funds are limited," Seaga said, adding that if

Jamaica had not been hit by the world recession which affects demand for its raw material exports, the economic situation would have been very different this year.

CSO: 3298/747

MINISTRY OF AGRICULTURE BODY TO MONITOR FOOD IMPORTS

Kingston THE DAILY GLEANER in English 1 Jul 83 p 35

[Text]

A seven-man committee to monitor food imports has been established by the Minister of Agriculture, the Hon. Dr. Percival Broderick. It is headed by a representative of the Trade Board.

The other members are: one representative each, from the Marketing and Credit Division and the Data Bank and Evaluation Division of the Ministry of Agriculture; a representative each from the Jamaica Agricultural Society, Jamaica Livestock Association, Jamaican Commodity Trading Company and the Agricultural Marketing Corporation.

Prior to the naming of the Committee, all applications for importation of

agricultural food items were referred by the Trade Board to the Ministry of Agriculture for its recommendations. That process caused some delays in the processing of applications. As a result, the Committee was named by the Minister to ensure a more efficient process.

The Committee meets every Monday to process import applications and make its recommendations to the Minister of agriculture who, in turn, takes a decision on the recommendations before the applications are sent to the Trade Board for its approval.

Under the present arrangements, the decision of the Minister of Agriculture is forwarded to the Trade Board on Wednesday following the Committee's meeting.

According to the JIS, the Minister of Agriculture will consult with other interested parties such as the Onion Growers' Association and the Christiana Potato Growers' Co-operative before deciding.

SOIL CONSERVATION, FORESTRY DEPARTMENTS REORGANIZED

Kingston THE DAILY GLEANER in English 25 Jun 83 p 10

[Article by Ivorall Davis]

[Excerpts]

DETAILS FOR THE RE-ORGANISATION AND MERGING OF THE Departments of Forestry and Soil Conservation are now being finalised by the Ministry of Agriculture.

The merger is designed to make both departments "an effective institution in meeting the long-term policies related to the conservation of forests, soil and water," the Minister of Agriculture, Hon. Dr. Percival Broderick has said.

The intention to merge the two Departments was stated in the House of Representatives by Dr. Broderick on May 17, when he spoke in the Budget Debate. At the same time the Capital Budget, as passed by Parliament, has a provision of \$300,000 to effect the merger.

Dr. Broderick told **THE FARMERS' WEEKLY** on Wednesday that the Forestry

Department forms a major component of the Water-shed Management Programme, and the Ministry is currently reviewing policies related to forestry and soil conservation as well as the present forest laws, to make them more relevant to the present-day situation in Jamaica.

He went on to point out that Department has been undertaking a wide programme of research, including:

- The establishment of fast-growing tree species for such uses as fuel and energy, soil conservation or agro-industry.
- Efforts towards the determination of improved soil conservation methods.

The programme also included the following major targets, and was prepared to form part of the activities during the current financial year:

1. Production of 2.5 million seedlings
2. Planting of 1,000 acres.
3. Construction of 7 miles of forest roads and maintenance of 188-miles.
4. Weeding of 600 acres of forests.
5. Thinning and pruning of 500 acres of forests.
6. Production of 3,000 railway sleepers and 6,000 utility poles.

These activities do not involve the expenditure of foreign exchange, and a spokesman for the Ministry said that it was unlikely that the "austerity" measures announced by the Prime Minister last week would have any severe effect on this programme.

CSO: 3298/748

HUGE LOSS OF EARNINGS FORESEEN IN 1983 SUGAR CROP

Kingston THE DAILY GLEANER in English 29 Jun 83 pp 1, 18

[Text] Loss of earnings ranging from \$700,000 to \$900,000 on the 1983 sugar crop in St. Mary, as a result of the late start in the take-off of the crop, has been forecast by sugar industry sources.

Investigations carried out yesterday at Gray's Inn, just outside of Annotto Bay, where reaping is going at full speed to try to make up for lost reaping time, revealed that the sucrose content in the canes now being delivered to the factory is 13 to 1, by comparison with 12 to 1 during the 1982 sugar crop.

The deterioration in sucrose content has been attributed by technocrats inside the industry, to the late start in reaping. Normally, reaping commences at Gray's Inn during late February each year. Because of problems in effecting repairs to the factory this year, reaping did not begin until May 18--two-and-a-half months after the scheduled start.

Early calculations show that the first and most apparent effect of this deterioration in sucrose content at Gray's Inn, will be a fall-away in the volume of sugar which the cane crop will turn out.

At the estimated crop of 120,000 tons of cane, the volume of sugar yield would have been 10,000 tons, if sucrose content was 12 to 1, as prevailed last year. However, at 13 tons cane to each ton of sugar, which is the prevailing level for the 1983 crops, so far, sugar yield is likely to end up at 9,231 tons or 769 tons of sugar less than last year.

However, sources close to the factory predict that the final out-turn of sugar from the 1983 crop is more likely to be of the order of 9,000 tons.

This means that at the prevailing price of \$918 per ton for sugar, earnings from sugar produced by Gray's Inn will not achieve the possible sum of \$9.18 million, but will fall somewhere between \$8.46 million and \$8.26 million, because of the deterioration in sucrose content in this year's crop.

A second effect of the late start in reaping the crop at Gray's Inn this year, is that it has thrown the harvesting cycle out of schedule. When, in normal years, reaping begins at Gray's Inn during February, the take-off of the

crop is usually completed by July, and the growing period continues until reaping commences in February of the following year.

In response to questions yesterday, the general manager of Gray's Inn Factory, Mr. Levi McGregor, told the GLEANER that he planned to "press on" until he had taken off all of the 120,000 tons of cane. He predicted that that exercise should last until September.

Questioned about the effect on cane maturity during the 1984 crops, which the late harvesting was likely to cause, Mr. McGregor said it would most likely affect next year's crop, because the growing cycle would have been disturbed. However, both he and sources at the Sugar Industry Research Institute said that it was sometimes possible to reap canes up to the end of September at Gray's Inn "without any appreciable loss in sucrose content." The major determining factor, said Mr. McGregor, was the weather. And, he added, weather conditions had been good this year. If this weather pattern prevailed throughout the period, it was likely that the next sugarcane crop could partially recover.

Up to yesterday, approximately 30,000 tons of cane had been reaped, with 90,000 tons left to be taken off.

During the early stages of harvesting in the Gray's Inn area, some canes had been diverted to Bernard Lodge in St. Catherine because of the delay in the start of operations at Gray's Inn factory. In response to questions about the economic wisdom of such an exercise, Mr. McGregor agreed that it was done at an uneconomic cost. However, he added, the reaping and delivery of estate canes to Bernard Lodge served two purposes: it cleared the way for the reaping of farmers' canes, and it supplied canes to Bernard Lodge factory at a time when that mill was short of cane for processing.

In response to further questions, Mr. McGregor said he was hopeful about the viability of Gray's Inn factory if the current problems are successfully sorted out. These problems he saw as the production of a sufficient volume of canes to make the factory viable; holding the harvesting cycle within limits and the provision of the required financial input for efficient operation. He estimated a "sufficient" volume of canes at 170,000 tons, and he described the required financial input as "finance capital for replacement of machinery and other related equipment."

CSO: 3298/748

BRIEFS

STRONGER PARISH COUNCILS--Steps are being taken by the Ministry of Local Government, to strengthen the financial management of parish councils. This was stated by Local Government Minister, the Hon. Alva Ross, at a meeting with representatives of the Parish Councils' Association of Accountants and Auditors at the Ministry on Thursday. According to the JIS, the Minister said the councils' accounting and financial departments were of vital importance to the efficient running of the Local Authorities. "This is one of the critical areas of the council", he said, and expressed the wish that the system of accounts could be standardized in Councils islandwide. This, he said, could be achieved when a manual was introduced. The meeting aimed at finding solutions to improve Local Government. The Parish Councils' Association of Accountants and Auditors is a professional body set up some ten years ago to promote professionalism in the Parish Councils. [Text] [Kingston THE DAILY GLEANER in English 23 Jun 83 p 8]

CSO: 3298/748

BNT MANAGEMENT, FINANCIAL PROBLEMS VIEWED

Asuncion ABC COLOR in Spanish 10 June 83 p 10

[Text] The BNT (National Workers Bank) was established by Law No 423 of 1973 on the basis of an initiative launched years earlier by the Paraguayan Worker Confederation; it began to operate early in 1975.

The mission which the law establishing the bank assigned to it was worthy of praise and this is something which we emphasized at the time although we did issue a warning even then to the effect that, having been created "for the exclusive benefit of the country's workers, it must decidedly, from the very first moment onward, be a competent, diligent, and efficient banking service institution which we wanted to establish in this way."

But the bare facts proved the correctness of that warning. The bank's loans were not oriented to what the bank itself called the "social sector" but rather only to a minimum extent (2.8 percent of its total loan volume in 1977-1980) and goals, such as the promotion of worker welfare, the development of systematic worker savings, and assistance in increasing job sources--all of which were spelled out in Law No 423--it seems never deserved major attention from the bank.

The purposes pointed out in Law 423 as being priority goals were forgotten probably due to another deviation which likewise took place, this time with respect to the very spirit of the law. The bank's main stockholders, the workers in the private sector and those in the decentralized government agencies subjected to the system of the Social Welfare Institute, could not possibly feel "represented" in the bank's top management and supervisory bodies because, as a matter of fact, the men who ran the BNT above all were politicians rather than representatives of the worker-stockholders. This perhaps would not have been a major drawback, if it had not also been for the fact that the bank's transactions were guided on the basis of a political criterion rather than by the basic nature of the undertaking itself.

Right now, the BNT seems to have reached a deep abyss. Its capital, put together from the obligatory contributions of all workers who must contribute a percentage of their work income, apparently vanished and the funds obtained by the bank through voluminous foreign loans seem to have gone the same way.

We may assume this by virtue of the fact that the BNT asked the Central Bank of Paraguay to take out a foreign loan for something like \$30 million to pay foreign debts which are already due or which are about to fall due and, moreover, a loan of 8,000 million guaranies (including the loan already granted by the Central Bank in the amount of more than 2,000 million) to be able to handle its ordinary credit transactions, to be repaid within a term of 8 years, but with 3 years of grace and interest in annual installments.

In view of the past record of BNT and the serious situation which it faces, one might well ask what should be done with that institution.

Although it is not an old institution, during the few years it has been operating it has defrauded the hopes which its establishment had generated. The contributions from the workers did not lead to benefits from them but rather represented a forced contribution which did not gain them any reciprocal rights.

And the prospects facing the bank--assuming that the Central Bank does approve its application for new foreign and domestic loans--merely boil down to a hope of recovery but without the certainty that this will happen. On the other hand we can be sure that, if the bank is to be able to continue operating, it must absolutely continue to appeal for the obligatory contribution of the country's workers, way out of proportion to their wages.

5058

CSO: 3348/496

INDUSTRIALIST DENOUNCES NEGATIVE EFFECT OF CONTRABAND

Asuncion ABC COLOR in Spanish 11 Jun 83 p 9

[Text] The money shortage and smuggling are turning industry into a sandwich in which it develops with little promise for the future. Raul Castagnino, member of the board of directors of the Industrial Union, said yesterday that, while the Bank of the Workers is asking 13,000 million guaranies from the Central Bank to assist in its recovery, the entire national industry needs only 5,000 million for operating capital. He said that smuggling is a bad thing but urged the consumers to be aware of the drama confronting industry, including 230,000 workers and around 1 million dependents.

"One of the main problems facing industry is rooted in money. We are powerless to meet banking obligations and this failure is not due to lack of acumen or ability, as we hear from time to time," said Castagnino.

"It so happens that we undertook obligations on the basis of the indications that prevailed 2 or 3 years ago and sales dropped by 50 percent. The situation got worse when the banks, instead of helping us, denied us loans for operating capital. We suggested that they extend the loans which were due to run out in 1983 throughout that entire year and we would pay all expenses but we have not received any reply."

The industrialist added that "private banks have a job to do within the economy, just like the farmers, the manufacturers, the exporters, and the merchants and they must act in the context of the current economic situation."

"The banks are the only ones that make huge profits from this economic situation. If this were not so, they would not be wasting all that money for real estate investments because each one of them has a palace as its headquarters. I believe that they should display more sensitivity to the country's problems."

5,000 Million Guaranies

"We have just learned that the National Bank of Workers has asked the Central Bank for about 13,000 million guaranies to get its recovery started. As a member of the board of directors of the Paraguayan Industrial Union I can say

that the country's manufacturing industry needs only 5,000 million guaranies for operating capital," he added.

The Central Bank of Paraguay must and can channel the money necessary for industrial revival. As I see it, it must create a fund for industry, just as there is a livestock fund.

He also said that "While, on the other hand, financing will get our industry going, it has to be pointed out that the struggle against smuggling is the one which will foment development and enable the industry sector to progress."

"We are not trying only to defend the factories. Look here, according to the statistics, the manufacturing industry employs more than 230,000 persons, a figure which you can multiply by 5, which is the number of members in a typical family so that you wind up with a figure of 1 million persons who depend on manufacturing."

Serious Approach

"We then also believe that industry must be taken seriously. It is not just our situation as business operators that is at stake but also the future of our workers and their families and there has to be a proper response to our proposals. We are anxiously waiting for a response."

"Waiting," the manufacturer also said, "only multiplies the seriousness of problems. I personally think that mixed bodies should be created with government and private participation and they would have to analyze the possible solutions during round-table discussions. I do not say that it should have any decision-making powers but at least it should offer alternate solutions."

"There is no doubt as to the complexity of the problems facing us but this is precisely what makes the participation of everybody more and more necessary in the broad approach to the situation which the country is now experiencing. You also have to keep in mind the flood of merchandise we have been getting and this also has indirect consequences," he added.

"This flood of goods meant that many people lacked purchasing power at this time. It considerably reduced the domestic market. Besides, because the roads are closed, there are many places in the country which you cannot reach and in this sense I share the opinion that paving our roads, which enable us to reach further north and further south, is one of the priority public works projects."

Awareness

"But I also want to point out that the flood of merchandise in the end exerts a limited effect on the national economy. A much more serious chronic problem is smuggling and I want to urge consumers to be aware of this situation so that they may act accordingly."

We believe that it is possible to get out of this situation and our optimism springs from the responses which the administration, which is responsible for the country's fate, like any other government will provide for the proposals that have been presented. But we must not just sit back and wait for the government to do everything. We must all do our part in the commitment to act on the basis of what is sound and positive for the national interest," Raul Castagnino concluded.

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CSO: 3348/496

UIP EXECUTIVES CONCERNED BY FOREIGN EXCHANGE SHORTAGE

Asuncion ABC COLOR in Spanish 14 June 83 p 13

[Text] The UIP (Paraguayan Industrial Union) yesterday expressed to Central Bank President Dr Cesar R. Acosta its concern with the need for having foreign exchange available to import equipment and raw materials for the nation's industries. If this foreign-exchange shortage is not resolved in time, then many factories will have to be closed down within 3 months due to lack of raw materials because, right now, the commercial banks are not doling out a single dollar for imports, a business operator said in the hallways of the Central Bank.

UIP officials, headed by their president, Blas N. Riquelme, yesterday went to the office of the president of the Central Bank with a note from the union shortly before 1100. After more than an hour of conversation with Dr Acosta, the manufacturers left the place and were very cautious in expressing their opinion. They as a matter of fact did not answer the questions put to them by the media although Riquelme did say that he was optimistic and tried to dispel the rather gloomy impression which they created on leaving.

The basic idea behind the argument of the manufacturers is the repetition of the request made a month ago on the occasion of a petition for refinancing the industrial debt, asking for foreign exchange to finance equipment and raw material imports required by the factories.

The request presented by the business operators is a part of the general approach of the importers in response to the shortage of foreign exchange which is paralyzing purchases from abroad. "Industry's problem is very serious because, if we do not manage to get raw materials in time, there will be no other solution except to close the factories and this is what we want to avoid at all costs," one of the entrepreneurs questioned said. He recalled the case of a metallurgical industry plant in Villeta which cannot produce iron rods because of a lack of raw material. "This same thing will happen to all the other industrial plants if the problem is not solved in time," he pointed out.

Right now, industrial plants cannot get a single dollar from the commercial banks to import equipment and raw materials. Our foreign suppliers do not even want to

hear from us any longer and we might mention the example of Japan in this connection which has already eliminated loan insurance for its exports to Paraguay," he said.

The proposal submitted by the UIP to the Central Bank practically is in the nature of an urgent request to the monetary authority, according to the interpretation of some persons. The industrial union leaders will, within 2 or 3 days, again visit the president of the Central Bank to see what his response is to the proposal made to him by the business operators.

On that score, Riquelme said that Dr Acosta promised them that he would study the problem and asked them to come back in a few days to continue to analyze the situation together and figure out a possible solution. It was learned unofficially that the Central Bank president responded in a frank and sincere manner in outlining the current situation and asked them for understanding and patience.

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CSO: 3348/496

LABOR LEADER CALLS FOR WAGE INCREASE

Asuncion ABC COLOR in Spanish 9 Jun 83 p 9

[Text] Labor union leaders agreed in pointing out that a wage adjustment is a viable thing in view of the fact that the cost of living went up more than 16 percent compared to the wage adjustment authorized by the administration in 1981. In order to get the percentage change figure from official government sources, the secretary-general of the Paraguayan Confederation of Workers, Sotero Ledesma, announced yesterday that he would demand a report from the Central Bank of Paraguay which was requested 5 months earlier. Sources at the Ministry of Justice and Labor however said that the National Minimum Wage Council will not be convened.

In view of the fact that the cost of living went up more than 16 percent compared to the last wage adjustment according to the consumer price index figures prepared by the Central Bank, a wage adjustment is due in accordance with provisions of Article 257 of the Labor Code. This opinion was expressed yesterday in response to our question by Juan Tomas Lopez, secretary-general of the Union of Graphics Industry Workers.

According to the consumer price index in Greater Asuncion, prepared by the Central Bank, the cost of living went up 16.46 percent at the end of March 1983 as compared to April 1981 when the last wage adjustment was made. This could be concluded by comparing the general index as of 31 March 1983, which is 132.3, with the April 1981 price index which was 113.6, involving a simple arithmetic operation referred to by the name of "rule of three."

The labor union leader who was questioned on this topic said that the Labor Code is very clear on that point and read Article 257 which states: "Before the expiration of the deadline established, the minimum wage may be changed, if the following causes obtain: (a) A profound change in conditions in the area or industries, due to economic-financial factors, and (b) change in the cost living, estimated at at least 10 percent."

"Once upon a time a labor union leader told an afternoon newspaper that, only after we had statistics from the Central Bank could we ask for a wage adjustment.

I disagree with this idea because the Labor Code itself provides for a system of studying the cost of living and a procedure for requesting a wage adjustment; Article 256 tells us that the highest authority is the director of labor, chairman of the Minimum Wage Council, Lopez said.

"What we can say on the basis of the government statistics is that there should be a retroactive adjustment as of the moment it exceeds 10 percent. This is a constant shortage which the workers must cope with," the graphics industry union leader concluded.

In the opinion of some experts we consulted, if one accepts the idea that the minimum wage has lost more than 16 percent of its value, a wage increase is due, in which case the minimum wage would have to be 31,654 guaranies.

Good and Bad

Among the positive aspects of the wage adjustment we have the fact that it would increase the purchasing power of the workers and, consequently, it would stimulate the demand in general. It would thus boost production and it can also create some sources of work, in the opinion of scholars.

The negative side is that the country is in a difficult economic situation and, consequently, this can be a new blow to the economy. Many industrial and commercial establishments, which suffer from unfair competition represented by smuggling, are in an increasingly deteriorating position and business failures will probably increase, thus increasing the loss, in the opinion of economists consulted on this topic yesterday.

Inevitable Increase

Porfirio Gimenez, one of the leaders at the central labor union, in turn emphasized that, if the 16 percent cost of living rise is confirmed, a wage hike, to keep up with this increase, will be inevitable.

As a matter of fact, he explained, this was provided for in the Labor Code (Article 257, Section B), where it says that the Wage Council shall be convened, if a minimum change of 10 percent takes place, every 2 years. "The last increase was 15 percent in April 1981 so that the time has come. Likewise, if the rise was 16 percent over the past 23 months, then we are certainly authorized to see to it that the percentage will go up," he added.

He concluded by pointing out that the CPT [Paraguayan Confederation of Workers] once again urged an official statement from the Central Bank on this topic because this is an indispensable requirement for the labor union to request that the Wage Council be convened; that body will determine the percentage of the corresponding wage adjustment.

Request Report from Central Bank

The CPT will ask the Central Bank of Paraguay for a report on the change in the cost of living index. "If it should turn out that it exceeds 10 percent, then

we will immediately petition for the convening of the National Minimum Wage Council," Sotero Ledesma, secretary-general of the labor union, announced yesterday.

The top labor union leader recalled that the CPT, in January of this year, had asked the Central Bank for this report; this request was repeated but the labor union did not get any response from the bank officials.

The CPT will once again urge the Bank to provide the data requested, according to Ledesma, who pointed out that he will try to get the report by the end of this week.

"We do not know why the Bank is withholding the report," Ledesma indicated.

Wage Council Not to Be Convened

The Labor Director does not consider the convening of the National Minimum Wage Council to be feasible because the economic study department of the Central Bank yesterday denied in effect that the report supposedly states that the cost of living went up 16 percent over the past 23 months--something which had been reported yesterday in this daily.

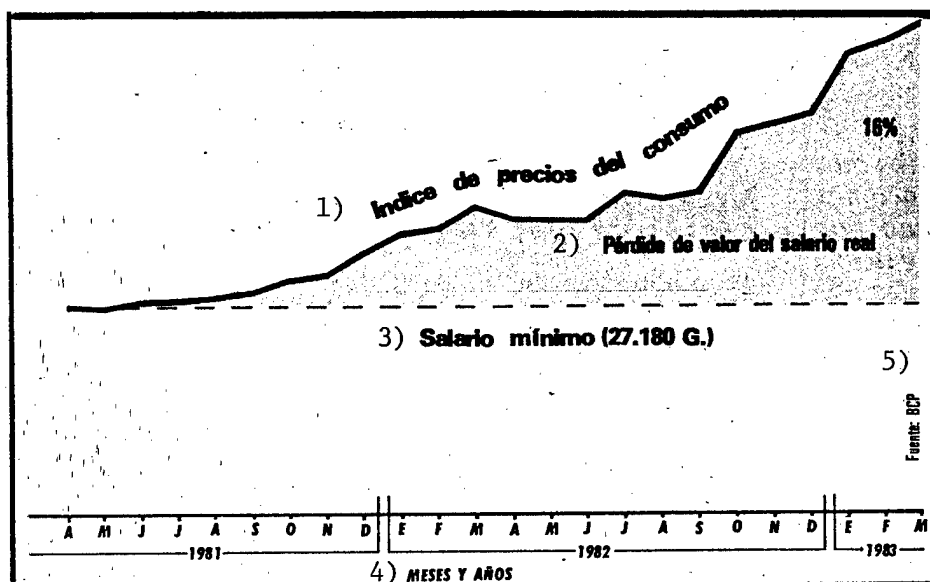
This figure was supplied yesterday by Dr Faustino Miguel Lamas, secretary-general in the Ministry of Justice and Labor; he temporarily replaces the Labor Director Mario Bobadilla, who is in Buenos Aires.

In the light of the report published, Dr Lamas conferred by phone with the Economic Study Department of the BCP [Central Bank of Paraguay] where he was told that this is not an official report prepared by that agency. "They told us that the information did not come from them," he said.

Consequently, he concluded, for the time being there is no reason to summon the Wage Council to consider the possibility of a minimum wage adjustment.

The calculation which made it possible for this newspaper to get the cost of living rise over the past 23 months from April 1981, when the last wage hike was authorized, until March 1983, was based on the chart entitled "Consumer Price Index" for Greater Asuncion, prepared by the Division of Production, Price, and Domestic Marketing of the Economic Study Department, PCP. The data were taken from the chart for the month of March 1983.

In this document with 1980 as the base year, the "consumer price index" of last march is 132.3 and the April 1981 index is 113.6. By means of an arithmetic operation (132.3×100) divided by 11.6 we get 132.3 and that is 16.6 percent higher than 113.6 which is the rise in the cost of living during the period of time referred to.



Decline in Minimum Wage Purchasing Power, April 1981-March 1983. This graph was plotted on the basis of data obtained from the chart of the "Consumer Price Index" for Greater Asuncion prepared by the Division of Production, Prices, and Domestic Marketing, Economic Study Department, BCP, for last March. Here we note the magnitude of the deterioration of the purchasing power of the legal minimum wage from April 1981 until March of this year. While the minimum wage of 27,180 guaraníes remained unchanged, the cost of living went up gradually during that interval of time. As of 31 March, the wage had lost 16.46 percent of its purchasing power. That decline of its purchasing power or its real value, in other words, the quantity of goods and services that can be purchased, is represented by the shaded portion in the graph. Key: 1--Consumer Price Index; 2--Loss of Real Wage Value; 3--Minimum Wage (27,180 guaraníes); 4--Months and Years; 5--Source: BCP.

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CSO: 3348/496

LABOUR ORGAN RESUMES QUESTIONS CONCERNING GOVERNMENT LAND SALES

Basseterre THE LABOUR SPOKESMAN in English 4 Jun 83 pp 11

[Article by Fitzroy Bryant]

[Text] "SIMMONDS RETURNS SUGAR ESTATE LANDS TO PRIVATE OWNERSHIP AND CONTROL". That was the banner headline under which "The Labour Spokesman" in its issue for Saturday 14 May 1983 reported that the sugar estate lands in St. Kitts are back in the hands of the former estate owners.

"The Spokesman" went on to report that the former estate owners have been

--putting up prominent signs on certain estate lands marked "Private Property-Trespassers will be prosecuted"

--writing letters to some persons who are occupying estate lands offering to sell the lands to them

--busy surveying plots of estate land for the purpose of selling them.

As a result of that article "The Spokesman" and a solicitor representing the former estate owners are now engaged in a public dispute as to who own and control the estate lands.

"The Spokesman" is saying the lands are owned by the government as agent of the people of St. Kitts, that a valid agreement for sale has been entered into, and that the former estate owners don't own or control the estate lands but rather own the balance of the purchase price.

The solicitor for the former estate owners is insisting that the estate lands are in law and in fact owned by the former estate owners, that no sale or agreement for sale has been concluded, and that the government is merely a licensee on the estate lands.

Therefore, contends that solicitor, the former estate owners can sell whatever estate lands they like and can exercise the full rights of ownership how and when they please.

Not to leave out any significant part of the dispute, the solicitor is also insisting that the estate lands never left the ownership of the former estate owners because the law by which the Labour Government sought to take over the estate lands were declared unconstitutional by the Courts.

While this public "debate" on a matter of such obvious and enormous importance to the people of St. Kitts is going on between "The Spokesman" and the former estate owners, what is the Simmonds government doing and saying about the sugar estate lands?

They are saying nothing. It is true that "The Democrat", mouthpiece for the government, has taken the side of the former estate owners and has accused "The Spokesman" of lying about the matter.

That must mean that the Peoples Action Movement which owns and controls "The Democrat" agrees that the estate lands are not in public ownership and that the former owners can sell and dispose of the estate lands as they please.

But the government, as government, has said nothing. Its silence is deafening. Not even a letter signed by the Permanent Secretary (Ag.) in the Ministry responsible for Lands; not even a notice read by Mrs Louvina Maynard - well, she can't read any more ZIZ notices where they have sent her since 1 June! - or somebody else and broadcast twice a day for 4 days over ZIZ. Nothing. Silence.

Is the Simmonds government, however, doing anything to put the minds of the people at ease about the future of the sugar industry and of agriculture in St. Kitts?

A Very Convenient Smoke-Screen

Oh yes. If I didn't respect the particular solicitor who wrote on behalf of the former estate owners, I would have publicly stated a long time ago that the letter written on behalf of the owners provided a very convenient smoke-screen behind which the government is hiding.

"The Spokesman" article of Saturday 14 May 1983 said in paragraphs 2, 3, and 4 -

"The Spokesman" is reliably informed that Dr. Kennedy Simmonds, the Premier, has entered into negotiations to sell, or has agreed to sell, or has actually sold, at a price of \$40,000 (U.S. currency) per acre, certain lands at West Farm Estate which he claims as his private lands.

"The lands in question were part of the sugar estate lands acquired by the Government in 1975, and they were under sugar cane cultivation when Simmonds became the Premier in February 1980.

"The reported sale or negotiations involving these West Farm lands have something to do with a proposal for certain American businessmen to set up a private-medical school in St. Kitts."

Since then we've been hearing a great deal about a lot of things but we have not heard one word, no not one, about the report that Premier Dr. Kennedy Simmonds is selling sugar lands down at West Farm Estate, claiming that they are his private lands.

We don't want any dam smartness. We want the truth -

--Has Simmonds entered into negotiations to sell, or has he actually sold land at West Farm?

--If yes, to whom? For what price? For what purpose?

--If yes, are the lands in question part of the estate lands acquired by the government in the name of the people in January 1975?

--If yes, who has given Simmonds permission or authority to sell such estate lands?

There are endless questions. And they are enormously important questions. For if Simmonds can sell estate lands acquired by the government in 1975, then so can the former owners of Pond Estate, Caines Estate, Brighton Estate, and each and every estate in St. Kitts.

Kiss Goodbye to 6,000 Jobs

In that case, we can kiss goodbye to the sugar industry and we can kiss goodbye to any meaningful large-scale agricultural development in St. Kitts. What we will have is land speculation gone crazy.

If indeed Simmonds has been selling or try to sell sugar lands at West Farm, then it follows that in his view, and in the view of his government, there is no dispute about the ownership and control of the sugar estate lands. They are very much "in private ownership and control".

To hell with NACO. To hell with SSMC. To hell with the jobs of 6,000 sugar workers and their families. To hell with the pivot of the St. Kitts economy.

Who cares about all that? Not Dr. The Honourable Kennedy Alphonse Simmonds, Premier, soon (he hopes) to be the First Prime Minister of St. Kitts. He doesn't give one dam about all of that.

He got land to sell and if the people of St. Kitts want to say is they land, too bad for them. When he done get his \$40,000.00 (U.S. currency) per acre and done pocket that, he don't like it could get to hell out of St. Kitts.

That is why Simmonds is prepared to railroad his way to independence on 19 September this year, come hell or high water.

He got a plan. But the plan is not for the people of St. Kitts. It is for Kennedy Simmonds and his gang of vipers.

CSO: 3298/749

BUSINESS SECTORS REJECT PROPOSED EXPENSE, PRICE, WAGE LAW

Caracas EL UNIVERSAL in Spanish 29 Jun 83 p 2-2

[Text] The chairmen of the National Council on Commerce and Services, the Venezuelan Council on Industry, the Venezuelan Chapter of the Inter-American Council of Commerce and Production (IACCP), and the Venezuelan Construction Chamber, released a joint statement yesterday announcing their support for the opinion broadcast by the Venezuelan Press Corps, the Venezuelan Chamber of the Radio Broadcasting Industry, and the Venezuelan Chamber of Television.

They noted that it was inappropriate to pass the bill creating the Costs, Prices and Wages Commission, stating that it will serve only to step up government intervention and to discourage investment.

Eduardo Gomez Tamayo, as well as Pablo Sosa Guzman, Frank de Armas, Carlos Ramirez Machado, Carlos Cisneros and Hugo Fonseca Viso, all agreed that what should be done now is to make a concerted effort to maintain and strengthen the increasingly precarious employment situation.

At a press conference given at the headquarters of the Venezuelan Chamber of the Radio Broadcasting Industry, they also pointed out that at this time, when business investment and a joint effort by labor and management to provide new sources of employment and wealth for the entire nation are needed more than ever, it is counterproductive to make a direct attack, as the bill does, not only on businessmen, but also on workers and youths who also have a right to become part of productive activity.

The experience of the last few years has shown that the Law on Unjustified Dismissals is not compatible with the country's economic situation. On the one hand, it erodes the activity of the employee by granting benefits that do not correspond to the work done; on the other hand, it contributes to the decapitalization of businesses, and reduces the possibility of generating goods and services in the most effective manner, feeding the fires of inflation.

It is disturbing that potential investors refrain from investing in Venezuela and that the labor market is becoming paralyzed, to the direct detriment of the labor force and the dynamic youth of the country, who need new jobs or need to keep existing ones, in order to contribute to the future and development of the country.

Low productivity results in a deterioration of the quality of national production, and leads to serious supply problems that make us more dependent as a nation. The figures corroborate this assertion. Just in the area of food products and services, dependence has grown from 45 to 60 percent; in industry, the unemployment rate is already above 20 percent.

In view of this experience, the sectors that do generate employment and prosperity for the nation are extremely concerned about the new bill creating the Commission on Costs, Prices and Wages, which exaggerates all the negative trends we have been suffering: lower productivity, less investment and more unemployment, while the arbitrary powers of a bloated government grow ever larger, without providing any spur to the public's standard of living.

The real objective of this law will translate into absolute interventionism in setting production levels, prices for goods and services--not just basic consumer goods, but for all kinds of products--and wages. The result will be the elimination of supply and demand, the disappearance of collective bargaining, union activity and freedom of business management, with the total concentration of the productive apparatus in the hands of the state.

Labor leaders have begun to consider the damages that will certainly be occasioned by laws and decrees of this kind within the general economic context, due to their inevitable impact on the labor market. The leadership of the labor movement has given clear indications of its concern about the imbalance that has led governments to act unilaterally. But in suggesting remedies, labor leaders should assess the wisdom of continuing to emphasize the crisis of the national economic apparatus with laws which, like the Costs, Prices and Wages law, serve only to increase government intervention and discourage investment. They should consider whether, on the other hand, they should make an effort to maintain and strengthen the increasingly precarious employment situation.

At this time, when business investment and coordinated efforts by labor and management to provide new sources of employment and wealth for the entire nation are needed more than ever, it is counterproductive to launch a direct attack, as the Costs, Prices and Wages bill does, not only on businessmen but also on the working class and the nation's youth, who have the right and duty to contribute their efforts to productive activity.

Collective bargaining and current legislation, most especially the Consumer Protection Law, have placed our working class among those who receive the most benefits. The full and fair utilization of these benefits provides guarantees for broader labor protection, and establishes an adequate juridical framework for the expansion of conquests, without the need to increase the powers and intervention of the state by means such as the Law on Costs, Prices and Wages, which would only detract from Venezuela's chances for economic and social recuperation.

For these reasons, the agencies we represent have decided to express our clear and enthusiastic support for the position taken by the mass media, socially and traditionally impartial in expressing their opinion on economic development, the loyal defenders of our democratic values, so that labor leaders,

legislators and the political parties will take prudent action on the crisis that is confronting the nation, and will not allow themselves to be carried away by a bill that reflects only the enhancement of the demagogic policies that are leading us to economic disaster.

Details of Bill Creating Commission on Costs, Prices and Wages

1. This bill was submitted to the National Congress by the group of deputies who belong to the Confederation of Venezuelan Workers (CTV).
2. Its apparent objective is to achieve a permanent coordination of the various sectors of national life (government, labor and management) to set costs and prices for basic consumer goods and services in search of a balance between those factors and wages.
3. Its real objective will translate into absolute government intervention in the setting of production levels and prices for goods and services--not only basic consumer products but all kinds of goods--which will lead to the disappearance of business freedom, the elimination of supply and demand, the disappearance of collective bargaining and union activity, and the complete concentration of the productive apparatus in the hands of the state.
4. The bill proposes a commission made up of: the minister of development, who would be its chairman, the minister of labor, three congressional representatives, two representatives of Fedecamaras, one representative of Fedeindustria, one representative of Conferural, and three representatives of the CTV, one of them to be a representative of another labor organization to be designated by the CTV.

Each of them will have an alternate. In addition, there is to be an executive secretary named by the commission with the rank of director, with voice but not vote.

5. The commission will have the following faculties:

--Propose measures to the Executive to stimulate productivity and production of goods and services.

--Determine what imbalances and distortions are caused by price increases and wage deterioration.

--Indicate which products or goods should be deemed necessities.

--Have prior control (authorization) over any modification in the prices of goods and services subject to regulation.

--Propose measures to counteract upward pressures on unregulated goods or services.

--Promote wage agreements between employers and employees in those goods and services sectors that require them, without damaging collective bargaining.

--Fix wage cuts when necessary in order to establish the compensation required.

--Designate the commission's staff.

--Draft its regulations.

--Perform such duties as laws and regulations dictate.

6. The decisions of the commission shall be "binding upon the agencies of the National executive."

7. Before making any decision, the Executive shall consider the opinion, judgment and ruling of the commission. In case of any violation of this rule, the responsible officials shall be penalized.

8. The commission shall come under the jurisdiction of the Ministry of Development, and its budget shall be incorporated within that of said Ministry.

9. In case the commission does not rule within 60 days with regard to Sections 3 and 4 of Article 6 of this Law (bill), the minister may exercise its powers without considering the judgment of the commission.

10. Disadvantages and deficiencies of this bill:

A. It discourages investment.

B. It concentrates broad decision-making powers in one commission.

C. It attempts to make the commission a super agency above the National Executive, but under Development.

D. It attempts to compose the commission of representatives of the National Congress (deputies or senators), which is impossible due to the separation of powers, unless these representatives lose their seats in Congress upon going over to the Executive, in which case Congress would no longer be represented on the commission.

E. It dooms the unions and collective bargaining to extinction by enabling the commission to set wage and salary levels.

F. It perpetuates the system of controlling the production of goods and services and their prices, to the detriment of the free play of supply and demand.

G. It reverses the productivity equation by setting prices, costs and wages first, and production later, when it should be the opposite.

H. It violates provisions of the National Constitution, the Labor Act and the Organic Law of the Central Administration.

I. It politicizes the private productive apparatus.

J. It impedes the dynamics that are essential to the market.

K. It leads to a state devoid of democracy.

The original draft of the bill was modified by the special subcommittee of the Chamber of Deputies Standing Committee, with the votes of Pedro Brito, Francisco Salazar, Antonio Machado, Arturo Temont, Pedro Ramon Romera (with reservations which he will explain at the Chamber session); and without the vote of Deputies Sofvirami de Guerra and Rafael Rodriguez Acosta.

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DESPITE RESERVATIONS AD VOTES FOR MILITARY PROMOTIONS

Caracas EL UNIVERSAL in Spanish 29 Jun 83 p 2-1

[Text] The Senate last night approved, with reservations expressed by Democratic Action (AD) concerning the procedure utilized, the list of officers proposed for promotion.

The session opened at 1830 hours. Senator Virgilio Avila Vivas set forth his party's position, indicating the reasons for his vote with reservations on the report of the Defense Committee regarding the proposed promotions.

He also read and sent to the Secretariat the party document expressing these observations, the text of which reads as follows:

"AD, throughout its administrations, without detracting from the constitutional faculties of the president of the republic, has always taken into account the conclusions of the evaluation and assessment boards of the National Armed forces in considering military promotions.

"As is well known, the criteria that should be considered for promotions are stipulated in Article 39 of the Regulation for the Qualification of Services and Evaluation, and are: Performance of Duties, Academic Performance, Moral and Physical Aptitudes, Potential for Immediate Rank, and Image Projected Throughout Professional Career.

"We have adhered to these basic criteria even during times that were very difficult for the stability of the institutions, when the factor of democratic loyalty could have been the only one to be considered.

"In contrast to this tradition, which has been highly beneficial to the progress of the military, we have been surprised that on this opportunity, in most cases not only were the conclusions of the various boards ignored and officers excluded from the lists in the respective branches, particularly in the Armed Forces of Cooperation, but the recommendations of the commanding officers were not even taken into account. Procedures of this nature bear the consequence of serious maladjustments in the Armed Forces, which translate into discontent, frustration and a lack of stimulation for professional achievement. We hope the Reform of the Organic Law of the Armed Forces will prevent situations like this in the future.

"In view of the above considerations, it would be appropriate at this time to vote against the measure, but as one more contribution on our part to the creation of a calm atmosphere in this election year, we will simply state these observations for the record."

Simon Antoni Pavan, of the Democratic Republican Union (URD), claimed to be unfamiliar with the matter, and therefore abstained from voting on the promotions. Pablo Miliani, an independent for AD, also abstained, although he stated that he did not disapprove of the promotions.

Pedro Pablo Aguilar stated that the document issued by AD was very responsible and well thought out. He rejected the notion that the promotions were the result of manipulations, and stressed that AD has also taken that stance.

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CS0: 3348/532

BANKS' FOREIGN EXCHANGE SHORTAGE REPORTED

Caracas EL UNIVERSAL in Spanish 28 Jun 83 p 2-2

[Text] Yesterday in money exchange offices the dollar was selling for 10.95 and 10.75, while in commercial banks that currency was not for sale.

The exchange offices yesterday had the same prices as Thursday. While Cambio La Guaira was selling unlimited amounts for 10.95, Italcambio was selling a maximum of \$10,000 per person at 10.75.

The commercial banks continued their suspension of foreign currency sales transactions because the \$113 million distributed by the Central Bank last week had been practically exhausted.

In banking circles it is thought that one of the fundamental reasons for the increase in the demand for dollars is the way the Central Bank structured the free market.

On the one hand, the price is controlled at the level of the bank, because since the stock market ceased to set exchange rates, the Central Bank has supplied dollars to banks at the rate of 9.90, and according to the provisions of the current exchange agreement, the latter cannot sell them for more than 9.95.

On the other hand, however, the exchange offices act freely, and have set the price of the dollar above the banks' price, which has generated a secondary market.

Since the Central Bank of Venezuela does not sell dollars to the exchange offices, they must obtain the currency by buying it from private parties and from the banks themselves.

Therefore, a secondary market has emerged with a rotating movement of dollars between banks and exchange offices.

When private individuals buy dollars from the banks at 9.95 and turn around and sell them to the exchange offices, this generates a net profit of approximately 10 percent on the investment, a quick, automatic, and virtually risk-free investment.

This means that a person who buys \$1,000 from the bank (which at the 9.95 rate would be for 9,500 bolivars) and sells it later to an exchange office for 10.50 would be earning 1,000 bolivars on that single transaction.

Such a transaction can be done in a very short period of time, and therefore several times without the need for additional investments above the profits from each individual sale.

On the other hand, the exchange offices obtain their dollar supplies directly or indirectly from the banks, where they buy the currency for 9.95 and then sell it for 10.95 or more, yielding them an appreciable profit on each sale.

In view of this situation, the banks have decided to proceed with caution in the sale of dollars, because they can see that the resultant increase in the demand for dollars is directly related to that kind of transaction.

The upshot is that foreign currency supplies in banks are rapidly becoming depleted; moreover, the Central Bank provides only limited supplies, preventing them from obtaining the dollars they need to undertake important transactions abroad.

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DEVELOPMENT MINISTRY'S MEASURES TO FREE ECONOMY PRAISED

Caracas EL UNIVERSAL in Spanish 28 Jun 83 p 2-2

[Text] The National Council on Commerce and Services, Consecomercio, is pleased with the "magnificent initiative by the Ministry of Development in revising and simplifying, in conjunction with other agencies, the products included in the ban on imports, as well as those whose importation is reserved for the state, called Note One and Note Two."

This was stated yesterday by the chairman of Consecomercio, who pointed out that "with that initiative by Development, along with the Ministries of Agriculture and Livestock, Finance and Health and Social Assistance, very solid progress is being made toward the loosening up of the economy through the reduction of requirements for Notes One and Two, while reducing the bureaucracy and the red tape that it entails."

The Consecomercio chairman noted that if this simplification is achieved, many private businesses would be saved from bankruptcy, and this means that a significant number of jobs would be saved for workers who today are in danger of losing their jobs if the existing strangulation and paralyzation continue as a result of the monetary and exchange measures adopted as of 18 February 1983.

De Armas said that "to complete the important task that is being carried out by the economic ministries, the only thing left to do is to streamline and simplify the procedures required by Recadi by eliminating the bonds and incorporating all of the financial institutions of the country, which have enough experience to undertake the procedures involved in obtaining foreign currency. In this way, Recadi would be reserved solely for the registration and control of the private foreign debt, and for the allocation of foreign reserves."

He indicated that "for that purpose a rational administration procedure would have to be established for foreign reserves, based on a budget that would take into account import priorities by consulting with all the economic sectors of the country."

De Armas stated that "the exaggerated intervention of the state in economic activity must cease, allowing the private sector to walk on its own, without crutches, so that it will be able to regain its own strength and, once and for all, to generate the aggregate demand that has to be suppressed through public spending."

BRIEFS

INDUSTRIAL CAPACITY DOWN--The initial figures provided by the Registry of Industrial Potential (RIPI) reveal that at this time 47 percent of the country's manufacturing capacity is idle. The report, based on recent data supplied by the 2,034 most important companies in the country, covering the areas of clothing manufacture, canning and bottling, pharmaceutical products, paper, rubber, textiles, food, beverages, shoes, automotive products, large appliances and metalworking, indicates that the utilization of the manufacturing apparatus is low, with plants working at only 53 percent of their real capacity. It also notes that of an investment of 6 billion bolivars in private manufacturing, there is a production value of nearly 5.8 billion, which does not guarantee any accelerated recovery of the capital invested in these firms. The ratio between investment and manpower is also low, with an average of 38,000 bolivars invested for each worker. In developed countries, this ratio could reach up to 100,000 bolivars per worker. The figures will be submitted to the private sector by the Development Ministry in order to coordinate policies that might reactivate the national productive apparatus in the medium term. [Text] [Caracas EL NACIONAL in Spanish 1 Jul 83 p A-1] 8926

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